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100th Congress, 1st Session

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Report of the Congressional Committees Investigating the
Iran-Contra Affair

Appendix B: Volume 9
Depositions

Lee H. Hamilton, *Chairman*,
House Select Committee
Daniel K. Inouye, *Chairman*,
Senate Select Committee

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

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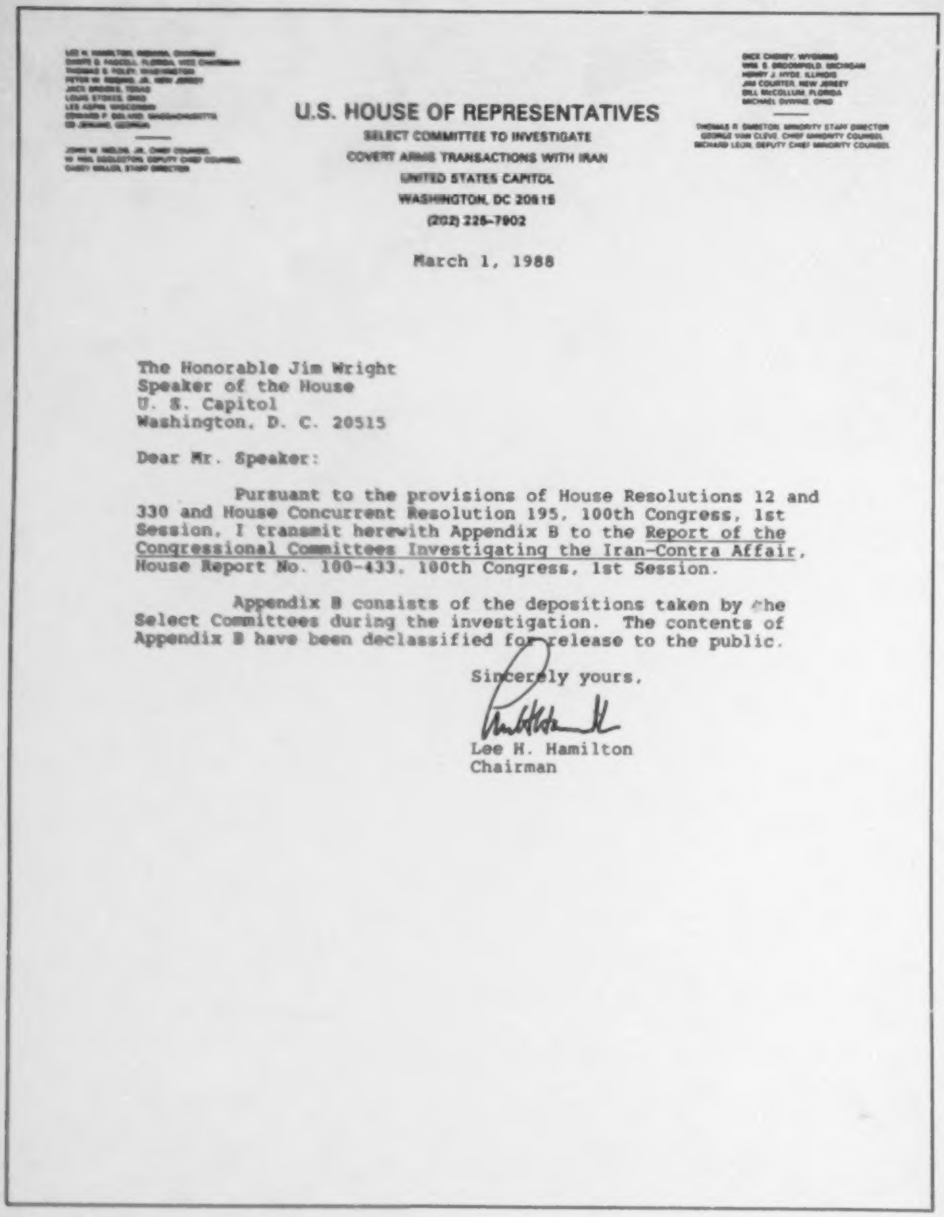

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March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

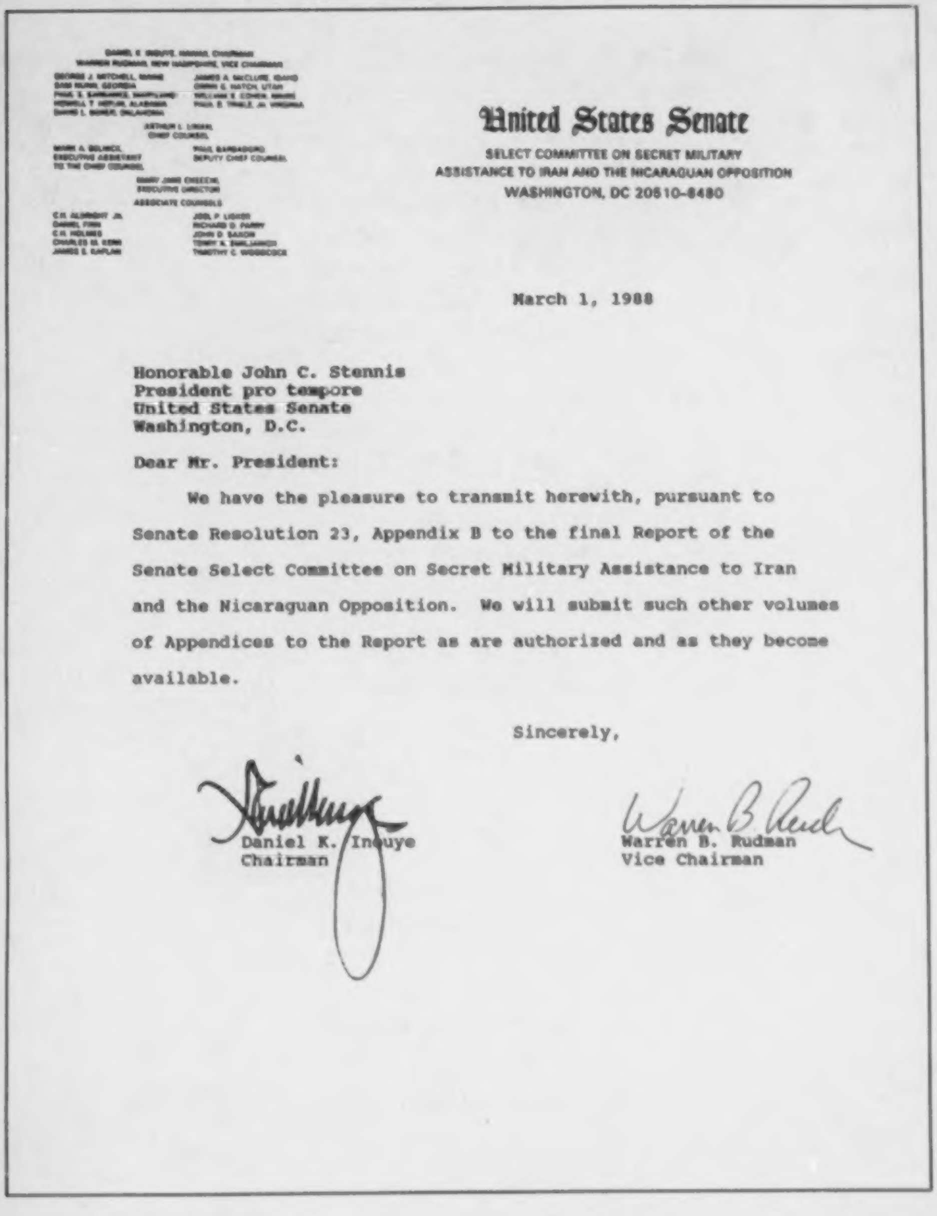
Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman



United States Senate
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
Chairman

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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents,* 2 volumes, 1988.
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All publications of the Select Committees are available from the U.S. Government Printing Office.

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Stenographic Transcript of

HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEPOSITION OF ROBERT W. DEUMLING

Thursday, August 20, 1987

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Partially Declassified/Released on 12-22-87
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DEPOSITION OF ROBERT W. DUEMLING

Thursday, August 20, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of ROBERT W. DUEMLING, called as a witness by counsel for the Select Committee, in the offices of the Senate Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 12:10 p.m., the witness having been duly sworn by SUSAN A. HARRIS, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by SUSAN A. HARRIS and transcribed under her direction.

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APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

TERRY SMILJANICH, ESQ.

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WITNESS	SENATE	HOUSE
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PROCEEDINGS

Whereupon,

ROBERT W. DUEMLING,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. SMILJANICH:

Q For the record, state your name.

A Robert W. Duemling.

Q You have the rank or title of ambassador, is that correct, retired?

A That's correct.

Q Ambassador, would you give us a very brief summary of your background? I understand you recently retired from the foreign service?

A That's correct. I retired on July the 3rd of this year, after approximately 30-plus years of federal service as a foreign service officer.

Q Would you give us a brief rundown of the general types of assignments you had, leading up to the point at which you became director of the Nicaraguan Humanitarian Assistance Office?

A Yes. At the beginning of my career, I had assignments in political, economic, and consular work. I

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then specialized in political work, and later in my career I was the deputy chief of mission at the American embassy in Ottawa.

I was also the U.S. Ambassador to Suriname, and I had a couple of management assignments as well.

Q Generally, career foreign service officers tend to specialize in certain regions of the world. Did you have such a general specialty?

A Yes.

Q What was that?

A In my mid-career I specialized in political affairs in East Asia.

Q Now, the country of Suriname -- you were Ambassador to Suriname for what years?

A I was Ambassador from August 1982 until August of 1984.

Q Now, Suriname is in South America, correct?

A Correct.

Q Did you have any Central American experience in your background?

A Not directly, although while I was Ambassador in Suriname, which is in the northern coast of South America, within the State Department it is grouped together with Caribbean countries and also for management purposes occasionally it is grouped together with the

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northern tier of Central America and South America.

So that I had visited, for example, for a conference in Panama, and I had some limited, very limited experience in Central America.

Q If one defines Central America as generally the countries of Guatemala, Honduras, San Salvador, and Costa Rica, did you have any experience in those specific countries?

A No.

Q What about your language proficiency? Did you speak and write Spanish?

A I can read Spanish because I speak and write Italian, which is somewhat similar. I also speak and write French, so another Romance language such as Spanish is not particularly difficult.

But I do not speak Spanish. I can read it with limited facility.

Q But generally, your main proficiency in language is in Italian and French?

A Italian, French, Dutch, because Suriname is Dutch-speaking. And I also could speak some Japanese, but I have largely forgotten it.

Q Up to the time you became director of, I'll refer to it as either NHAO or "Know-How" -- ten people pronounce it ten different ways, I think. Up to the time you became director of NHAO, had you ever administered an aid or refugee program for the State Department?

A No, I had not.

Q Your selection as director of NHAO came at approximately the end of August, beginning of September 1985?

A Correct.

Q What had been your specific experience that you were told was being called upon to make you director of NHAO?

A I was never told directly what my experience was that attracted people to the assignment. However, I think I can surmise that there were two or three things in my background that were relevant.

In 1981 to '82, I participated in the creation of the peacekeeping force for the Sinai, MFO, Multinational Force and Observers, and that was a startup operation from scratch in an unusual political setting.

Also, I had performed a management study for Ronald Spiers, the Under Secretary for Management, and I was considered, I think, to have been a quite successful manager in my tenure as Ambassador to Suriname, as well as in my tenure as the minister and DCM in Ottawa.

So it was the management experience and abilities that I had demonstrated in the past that I think were the salient factors in my appointment.

Q Thank you. That has been confirmed by other people we've talked to, who have indicated those items and the fact that you were known for a person who took very much care with detail, financial matters, et cetera.

When you became director of NHAO, first of all, did you have any staff to start off with?

A No. As I think you know, NHAO was created on paper, by discussion, and did not exist when I was first appointed. I think at approximately the same time, and perhaps even sooner, the people making the assignment -- and that would mean, I presume, Michael Armacost, Elliot Abrams, perhaps George Shultz -- they had selected Chris Arkos to be the deputy in the organization.

And then when I was appointed, I was told that he had been pretty well selected if I approved, and we had a brief meeting and he seemed to be exactly the kind of person who brought to the office skills that I did not have, and therefore he seemed like a good deputy to me.

And the two of us then set about trying to staff the rest of the organization, although I did most of the selection of staff.

Q Now, Chris Arkos was proficient in and fluent in Spanish, is that correct?

A Chris Arkos is an Hispanic American. He is bilingual and bicultural in Spanish.

Q He also had extensive experience in Central America?

A He did have very extensive experience in Central America, in Honduras and perhaps other countries. He also was intimately familiar with the Nicaraguan resistance movement and knew the leaders of the Nicaraguan resistance.

Q Other people have stated that Mr. Arkos had a very wide-ranging network of acquaintances and contacts. Did you find that to be true in Central America?

A That was abundantly clear to me, that he had a wide network of friends and acquaintances among Central Americans, political people, military people, journalists, as well as a very wide circle of acquaintances in Washington, particularly people who themselves are interested in Central American affairs.

Q I'd like to talk for a minute about some of the problems that you I'm sure perceived immediately in connection with the setup and operation of a program such as NHAO. First of all, this was a program which was very overt in the United States. It was a part of public legislation; a specific sum of money, $27 million, had been appropriated to be spent.

Its creation was not a secret in any way, and yet it was in some ways a covert operation in Central America. Is that a fair statement?

A Correct.

Q What kind of problems did that cause you in general?

A In general, it caused us two or three kinds of problems. First of all, we had to respect and understand the sensitivity of the governments in Central America who were going to give some assistance to this program, without whose assistance the program could not exist, at least their passive cooperation as a minimum.

In particular, that was [redacted] anxious not to be seen publicly as aiding and abetting this effort. So it insisted on a degree of confidentiality.

Moreover, many of the suppliers in Central America on whom we had to depend for the purchase of food and other daily items, they preferred a degree of anonymity because they feared possible political reprisals for their assistance and cooperation in the program.

And indeed, these sensitivities were fairly well founded. If you wish, I could add some anecdotes to illustrate the point, but I don't think I need to go into

it.

So those were the particular factors. Moreover, the resistance itself needed to preserve a degree of secretiveness, in part so that their plans would not be broadcast to their adversaries. So there were several factors that required some degree of secrecy.

On the other hand, our operations here within the United States, with our suppliers and so forth, for the most part were perfectly open and above board.

Q Okay. Now, a lot of the activities of NHAO had to concentrate [redacted] is that correct?

A Correct.

Q In addition, however, there were also sensitivities in connection with other countries in the region, [redacted] isn't that correct?

A Correct.

Q And to some extent the government [redacted]

A Correct.

Q Now, let me -- in going through the records which you kindly gave us complete access to several months ago, I just picked out one particular document because it seemed to be a pretty fair summary of the types of problems that you were encountering in connection with this dichotomy between overt and covert.

Let me hand you what I have marked as Duemling Exhibit No. 1, which is a document you prepared, I believe, in December of '85.

(The document referred to was marked Duemling Exhibit No. 1 for identification.)

Q I don't think we need to go through this in detail, but generally take a moment to look at it. Does this seem to be a summary of the types of particular problems that you had to deal with early on in connection with your directorship?

A Correct.

Q Now, Mr. Arkos had taken a trip to the region in September-October, in that time frame, and had reported back on some of the discussions he had, both with the embassy in [redacted] about what could and couldn't be done to see the program through, is that correct?

A Correct.

Q Is it also correct that, in a nutshell, both the embassy there and the government of Honduras stated that NHAO employees as such could not be stationed inside [redacted] either at the embassy or elsewhere, in order to act as a monitoring agent for receipt of goods into the country? Is that correct?

A That's correct.

Q As a result of that inability to station a person within your employ in the region in order to monitor receipt of goods, what did you have to do or how did you go about keeping as much control as possible over so many things coming out, leaving this country or being purchased, and so many things being received in the country?

A Well, let's start with the matter of purchases within the United States. Perhaps I should just state briefly that there were certain types of supplies that could only be procured within the United States, such things as first class jungle boots,ponchos, poncho liners, and so forth.

We procured those kinds of supplies in the United States, aggregated them, usually in New Orleans at a warehouse arrangement that had been created somewhat earlier by the resistance itself.

We utilized that warehousing arrangement and their existing arrangements, contractual arrangements. We would aggregate the supplies there and in effect those supplies became the property of the resistance, really, at the time that they were dispatched from the United States, because NHAO for the reasons that you describe could not really directly control those supplies once they had left the United States.

So they were aggregated there. We did -- I had my own personnel periodically visiting that facility, and we always had someone present for the loading and takeoff of the aircraft.

Q Let me stop you for one second. Was the individual basically in charge of that operation in Louisiana Mario Calero?

A Correct.

Q Go ahead.

A And we would then satisfy ourselves that the materials arriving there were being then dispatched to Central America by cargo aircraft. When they departed in the custody, if you will, of the resistance from the United States, we, NHAO, no longer had any direct control over those supplies.

In Central America, we procured primarily foodstuffs, some pharmaceuticals, some kinds of clothing, pants, shirts, socks, underwear, that sort of thing, also sort of daily necessities such as fuel oil or candles or matches and so forth.

Those, that procurement, and to some extent

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the supplies that also came from the United States, could only be monitored in Central America by other organizations or institutions.

It was abundantly clear to us at the outset that we would be hindered in the way that you have described in terms of not being able to have our own personnel there. So as a fallback arrangement, I talked with [redacted] who was the CIA representative on the Inter-Agency Committee, the committee that provided policy guidance for NHAO, and I talked with [redacted].

We discussed this whole problem within the RIG, the Restricted Inter-Agency Group. And [redacted] agreed that CIA headquarters would instruct its people in Central America to monitor insofar as they could the arrival and the transportation, the internal transportation, of these supplies.

This arrangement took a while to get into operation. But in due course, and I would say certainly by about January of 1986, we were getting a fairly steady stream of what we referred to as verification reports. And these were basically messages from the field, coming from the CIA people, who would simply report that a particular truck convoy had arrived at a base and it carried such and such materials, and so forth; or that an aircraft had arrived and had offloaded such and such

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materials, and so forth.

And this was about the best arrangement that we had to try to check on the deliveries of these supplies arriving in Central America.

That system, of course, was not 100 percent accurate. We did not get a bean for bean correlation between what we knew we were paying for and what we knew we were receiving or what was being received. But we felt that not only was it the best arrangement we could devise, but that there was sufficient correlation that we were satisfied that the system was working and that the supplies were indeed being delivered to the intended recipients.

Q Okay, let me make sure I understand this. The original legislation appropriated $27 million and provided that neither the Department of Defense nor the CIA could be the administrator of the program?

A Correct.

Q But you found that, based upon the inhibitions you had with regard to your State Department employees present in the country, that essentially the only reasonable solution seemed to be to call upon the Agency to assist in connection with verifying actual receipt of the goods in the region?

A Correct. And we saw those as intelligence

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reports. And as you may know, my understanding at least is that as of about November of 1985 some of the constraints on the Agency were eased, I think in the Intelligence Appropriations Act, at about that time.

And the Agency, as I understood it, was permitted to provide intelligence to the resistance movement and communications assistance, as I recall. And as part of all of that, apparently it was also deemed permissible that the Agency provide us with intelligence on what they were learning.

So in effect, these were intelligence reports from the field coming back to us.

Q I'm going to mark this exhibit as 1A, a CIA cable dated January 4, 1986, which basically, if I could summarize it -- take a moment to look at it, but if I could summarize it, basically is a direction to appropriate stations in the region to cooperate with NHAO, just as you have described.

(The document referred to was marked Duemling Exhibit No. 1A for identification.)

(Pause.)

A Yes.

Q Now, there's something else that is referenced in there that I want to ask about. First of all, were

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you basically advised at the very beginning of the startup of this program that, in order to facilitate coordination among the various contra factions, that most of your dealings should be with UNO, United Nicaraguan Opposition?

A Yes. I was told from the policy level that the decision was that UNO would be initially the only recipient of NHAO assistance, and that others might be added in the future, but that UNO was it.

Q There is a reference in this cable by code to an individual whose actual name is Eden Pastora, who was a contra leader basically working out of -- was working [redacted] in what was called the southern front.

A Yes.

Q What were you told originally about dealing with Mr. Pastora and his group of people in the south?

A We were told initially that we would be supporting UNO. Mr. Pastora was not part of UNO and we were told he was not part of UNO.

I don't recall any particular discussion about Pastora until -- and I can't give you a precise date, but probably until some time around February of 1986, when it was clear to me, although I was not involved, but it was clear that the Administration was attempting to broaden the participants in the resistance movement, that is to say the resistance movement that was being supported by the United States.

And there was apparently considerable thought being given to whether or not Mr. Pastora could be brought into the fold, so to speak.

Somewhat later, I would think maybe as late as April or May of '86, I was directed, we were directed, to meet with representatives of Mr. Pastora to determine whether or not, under the guidelines that NHAO was operating under, whether we could be of any assistance to him.

And I was not directly involved. That was conducted primarily by Chris Arkos and some of my other staff people, who met, with the representative of Pastora. And this gentleman produced a whole series of bills and vouchers and various things for us to examine.

And we concluded, after looking carefully at all of these receipts, that the vast majority of them were not things that we could pay because they did not fall within our guidelines or that the documentation was inadequate and so forth. And we so informed the policy level.

I believe we told Bill Walker about that. My sense of what occurred was that meanwhile on the political level efforts to bring Mr. Pastora into some relationship with UNO fell apart, so that the issue of whether or not NHAO could support Pastora and his people essentially became moot.

Q Starting back in September 1985 time frame and going forward from there, did either [redacted] or anyone else with the Agency ever actively either try to discourage you from dealing with Mr. Pastora or denigrate him in any way?

A Well, first of all, it was never an issue because Pastora, as I say, was not part of UNO and our guidelines was strictly that we would support UNO.

If I can make one brief diversion, there was at least one other representative of the opposition who was not part of UNO, that is to say one of the Cesar brothers, who came to call on me to inquire as to whether or not we could support them.

And I gave him no particular encouragement. I simply heard him out and said I would report his approach to the policy people, for whom it was their decision, not my decision.

But to go back to Mr. Pastora, yes, [redacted] disparaged Pastora to me on several occasions. We met fairly frequently to discuss operational questions, and Pastora and Pastora's people came up. The subject arose from time top time.

And [redacted] simply said to me that the Agency had a very bad experience with Pastora, they thought he was unreliable and not very dependable. [redacted]

So that was the kind of thing that they said about him, and that they gave me the impression that the last thing they wanted to do was to have anything to do with Eden Pastora.

Q Did you also ever hear allegations that, not Mr. Pastora himself, but that some other people associated with him had some connection with drug smuggling?

A Yes, I believe I heard that from Elliot Abrams.

Q Now, you mentioned in approximately April or May time frame, when you had some discussions with the representative of Mr. Pastora.

A Yes, I believe that was the time.

Q Well, let me fit in some other events which would confirm that as the time period. In late March of 1986, General Singlaub was in Costa Rica and negotiated some type of agreement between himself and his people and Mr. Pastora, which caused a bit of a flurry at the State Department when the Ambassador sent a cable back about

it.

But moving forward from there, some time in May of 1986 Assistant Secretary Abrams met with Mr. Pastora and Mr. Pastora was asking for some minimal supplies to be sent to his people in Costa Rica. And Mr. Abrams in some marginal notes on some memoes indicated that it certainly seemed such a small amount that, you know, why not try something.

Was that a part of this sequence of events you were describing about meeting with a representative of Mr. Pastora.

A It was a different aspect, to my understanding. I was told that several of the commandantes who had been loyal to Pastora were losing confidence in Pastora because he had proven to be incapable of getting material support.

And as I understood it, the policy people saw this as an opportunity to wean away those particular commandantes and their men and bring them within the fold of UNO. That is to say, they would presumably sever their connections with Pastora and they would then become related to the forces that were under the control of Negro Chamorro.

And so I was told that there was this effort under way and that NHAO was being asked to provide supplies to these forces. And what I was told was that the requirements would be for approximately 2,000 of this or that, like 2,000 shirts or 2,000 pairs of pants or whatever; and that this was essentially, if I could use the expression, this was bait to get them on board with UNO.

Q Okay. Thank you.

Now, returning to the Agency for a minute, would it be fair to say that at first -- and you may have already said this and I apologize if I am being repetitious -- that at first there were some initial problems in connection with receiving back from the Agency verification of receipt, and perhaps the reason was that people back at headquarters are getting cables from their stations talking about beans and rice and they don't attach much significance to it, but that eventually things became smoother and you started getting a pretty good flow of information from the region about receipt of materials?

Is that a fair statement?

A That's correct. And I would only add that on one of my own trips to the area, when I had a chance to talk to some of the Agency people in the field and re-emphasize the great importance which NHAO placed on their field reports, they claimed that they had been sending them in regularly for quite a long time, but that the headquarters in Langley, the editors and so forth, in a bureaucratic fashion had failed to recognize their importance and their utility, and in fact had failed therefore to pass them on to NHAO.

But eventually that glitch got worked out and, yes, we thought we were getting pretty good reporting.

Q Okay. Now, some time this year -- well, first of all let me ask you. During the time frame you were director of NHAO, GAO had some people who spent a lot of time over at the offices?

A Correct.

Q And basically audited your work during the two years -- the year that NHAO was in existence?

A Correct.

Q GAO issued a report then later, which was somewhat critical of the paper trail or verification of actual receipt of goods?

A Correct.

Q I understand what your reaction is to it and your statement. Would you go ahead and tell us for the record why it is you feel that the GAO comments, if I could put it, failed to understand some of the problems that you had to face in connection with running such a program, where you couldn't have the ledger books and things that you normally might be able to insist upon in a typical overt program?

A Yes. Well, first of all, I was as anxious as anyone to be able to demonstrate the bona fides of the operation that I was running, and that we were adhering to a high standard of accountability, and that was important.

That's just good management. But for the problems that we have already discussed, I was not able to place my own people in the field to actually monitor activities. Moreover, and we hadn't touched on this before, but one of the proscriptions was that we could also not have bank accounts in Central America.

I would have preferred that we have an NHAO bank account. In fact, it was one of the things that Chris Arkos on the first trip down there in late September of '85, that was one of the things he was supposed to do, was set up a bank account, through which we could then pay suppliers directly.

We were told that even that would not be tolerated by the local authorities. So we were obliged to pay people through Miami. I say Miami. It could have been any other city, but most Central American enterprises, if they bank at all in United States, they do so through Miami.

And in fact, many of our major suppliers in Central America already maintained their own bank accounts in Miami.

Now, to go back to the GAO, we felt in NHAO that we were taking all feasible steps to monitor and observe and make sure that things were running smoothly and legally and honestly and so forth. GAO in our view applied a kind of schoolroom set of accounting standards that would be perfectly appropriate if we were running this thing in the United States, but which simply could not apply by extension in Central America, for the reasons that I've tried to explain.

So we felt that the rather unusual situation which we faced called for some rather unusual methods, and we created those various methods, checks, apparatus, and so forth. But they of course did not accord with the kind of standard bookkeeping procedures that GAO was familiar with.

So we really parted company with GAO on that issue. I would of course point out that GAO did not say, we have discovered malfeasance or we have discovered misappropriation of funds. They didn't say that. What they said was, we can only trace all of this so far and then after that there is not a sufficient record that meets our standards of accounting.

So it became a void from their point of view.

Q Is it correct that the GAO people who were conducting this audit in connection with this report did not have access to the CIA cable traffic that you were referring to earlier?

A That is correct. We discussed it with them. We told them it existed. But that was beyond our control, and the reason is that within the federal government, apparently by agreement between the Executive Branch and the Congress, CIA reports are given only to the Intelligence Committees of the Senate and House. And all of those reports were made available to the Intelligence Committees.

Then it becomes the decision of the members of the Senate and the House as to whether they will or will not share those documents with other aspects, elements of the legislative branch.

But of course, GAO was part of the legislative branch. It is the creation of and servant of the Congress. So under the guidelines, we cannot provide those things directly to the GAO. And so they therefore did not have them from us.

They had to address themselves within their own branch of government to the Congress, and apparently, my understanding is, they never succeeded in getting access to those documents.

Now, this question will cover a lot of territory, but is it fair to say that you are as reasonably satisfied as you can be based upon the restrictions you faced, that the $27 million that was spent by NHAO was in fact appropriately spent for humanitarian aid which found its way into the hands of the proper recipients in the region?

A Yes, I am completely satisfied that was the case.

Q Now, let me talk for a minute about some of the other types of problems you had to face. There was talk during the passage of the legislation by some people that, well, humanitarian aid for fighting forces is kind of an oxymoron, and there would be some definitional problems that would be encountered.

You in fact did have to face certain definitional problems that had to be addressed, is that correct?

A That is correct. But I was told at the outset that "humanitarian aid" meant essentially non-lethal aid.

Q One of the problems that you all had to face and make a policy decision about -- and let me hand you Exhibit No. 2, which is a short memo to the file -- and by the way, the date on the top says March 9, '86, but that is a mistake. I think it should be April 9, 1986.

(The document referred to was marked Duemling Exhibit No. 2 for identification.)

A Notice down here also it says April 9, so that is a mistake.

Q Take a moment and look at it. It concerns what to do about requests for funds to be used for helicopters.

(Pause.)

A All right.

Q I believe some of the other documents that lead up to this particular decision demonstrate that a question came up in connection with a certain helicopter called the Lady Ellen?

A Yes.

Q Which certain contra forces wanted NHAO to help pay for the transportation of the helicopter from the United States into the region. And this generated, I assume, the question of whether or not this was getting too close to that grey area between humanitarian and lethal aid, and a series of discussions were held resulting in this policy decision.

A I think that's true. It may not have been exclusively the Lady Ellen that triggered this. I can recall that indeed at the very outset of NHAO's coming into existence and beginning to work with the resistance, that they had made clear that one of the biggest problems was the medical evacuation of wounded, and that they would very much like to have helicopters.

And that was stated very early on. But at that time, it was also considered that it would be too problematical and too much in the grey area. Moreover, of course, helicopters are extremely expensive.

So the subject -- what I'm trying to suggest is the subject had been discussed before the Lady Ellen came along.

Q Now, when this and other problems like this came up, there were occasions when you actually consulted directly with the leadership, with the Intelligence Committees, is that correct?

A Correct.

Q You met with, I believe, Congressman Hamilton on one or more occasions?

A I did.

Q You met with the staff director of the Senate Intelligence Committee, Bernie McMann?

A Correct.

Q Did you also during the startup period of this program go around and talk to various members of Congress

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about some of the problems that might come up or just generally what they anticipated?

A I did not do very much of that. There was a little bit of that, but basically those kinds of contacts were being kept by Abrams and by Jim Michael and Walker and so forth. And I got the impression that they didn't particularly want me to be involved in very many contacts, with one general exception, and that is I did appear a couple of times before the House Intelligence Oversight Committee.

But I also talked informally to their staff director on several occasions, including at the very outset, when I invited them to send their accountants to take a look at what we were doing and how we were doing it.

They declined to do so because they felt that would be undue involvement of the legislative branch in an activity of the executive branch. But I did talk repeatedly, directly or by phone, with several members of the committees, and particularly their staffs.

It was more often than not contacts with staff. I would go up, be summoned up sometimes to meet, and discover more often it was really a staff group, although one or another members of the committee might be also present.

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Q As you know, I have had access to your records and I have received copies of many documents that I asked for, I have the impression, having gone through the files, that whenever controversy came up, areas of questionable goods or things such as that, that you and your organization seemed to take the conservative approach in order to avoid creating a problem in a sensitive area.

A That's correct.

Q I was going to ask you, would you agree with that summary?

A Absolutely. We always took -- I always took, because I was essentially running it and making the policy for the organization, aside from of course the policies that came down on us. But in terms of what we did internally, I ran this in a quite conservative fashion in the sense of trying to adhere strictly to the guidelines contained in the legislation.

And there is a good reason for that. Not only perhaps is it my temperament to manage things in that fashion, but when George Shultz asked me to undertake this job I asked him what were his objectives and what he wanted me to do. And one of his specific statements to me was: I want you to go right down the middle on this; I don't want you skating close to the edge in terms of the guidelines that were contained in the legislation.

And it was clear to me that George Shultz wanted this thing administered in a way that would be above reproach. And that's precisely what I tried to do.

Q Along that same line, let me now -- let's talk for a while about the issue of mixed loads.

(The document referred to was marked Duemling Exhibit No. 3 for identification.)

Q Let me hand you what's been marked as Exhibit 3. This is a summary memo that you did basically after the fact, summarizing some of the events that came up in connection with mixed loads. Let's talk about that for a moment.

First of all, by mixed loads what we are referring to are shipments which contain both some humanitarian goods and some lethal goods, is that correct?

A Correct.

Q Now, is my understanding correct that the issue of mixed loads came up solely in connection with flights or shipments within the region of Central America?

A Correct.

Q Rather than flights from the United States to

Central America?

A Correct.

Q Let's first eliminate that other part.

To your knowledge, and as I say to your knowledge, did any NHAO flights originating from the United States into the region contain any lethal aid whatsoever?

A None whatsoever to my knowledge.

Q Okay. So the issue of mixed loads only relates to inter-regional shipments?

A Correct.

Q Intra-regional shipments, excuse me.

A Correct.

Q In connection with those intra-regional shipments, first let me ask you this. How did the issue come up in connection with the mixed loads? In other words, I understand that NHAO had contracts with the air carrier services to transport goods into the region. How did the issue come up about whether NHAO would be paying for shipments within the region?

Were these also NHAO contracts or were you being asked to reimburse costs that had already been incurred?

A No, these were NHAO contracts. Let me just provide a little background. The resistance was based primarily, as we have already said, [redacted] They also, however, had some kind of a transportation capability utilizing [redacted]

They had some aircraft of their own which they utilized for transport purposes, but their own air resources were extremely limited, and therefore we assisted them with air transportation.

And that was transportation, air transportation of various sorts. For example, part of it was utilizing commercial air services [redacted]

We also moved some goods that we ourselves had flown from the United States [redacted]

There was also, however, the question of whether there could be drops of goods inside Nicaragua, and that was raised with us, and I believe that the issue of mixed loads came up primarily in connection with the idea of drops inside Nicaragua.

And there the reason was that dropping supplies inside Nicaragua was, of course, always a dangerous undertaking. It was also dangerous for the troops on the ground, who had to remain static for several hours in order to be at a drop zone and pick up supplies.

So because of the danger to both the aircraft, its crew, and the troops on the ground, the operations people recognized that the best thing to do would be to send in a single aircraft which would drop the mix of supplies that were required by the troops on the ground.

And that would include probably resupply of ammunition as well as a resupply of boots and clothing and pharmaceuticals and whatever. So I believe that the issue of mixed loads really arose first in connection with the problem of dropping inside Nicaragua.

Q Okay. Now, in connection with dropping inside Nicaragua, NHAO had a contract with a company called Vortex, which on four occasions either did or attempted to make drops directly inside Nicaragua.

Are these the flights you're referring to?

A I believe so. Now, Vortex was operating out of Miami, as I recall, and I think that those were the flights into Nicaragua.

But what I don't recall, quite frankly, is exactly where those flights departed from. I'm sure they must have started at least from Miami. Whether they then stopped elsewhere before flying in, I don't quite recall.

I think that was not the only organization that was involved in this. I don't recall, strictly speaking.

Q Let me jump ahead for a second. There were, as I understand it, although reading the Miami Herald story in the past week or so made me wonder whether I truly understood the issue -- my understanding was that there were basically two occasions when the issue of mixed loads had to be addressed in the concrete, rather than in the theoretical.

And that was in connection with one shipment that was split 93 percent humanitarian and 7 percent lethal, and another occasion when it was 50-50.

A Yes. First of all, you are talking about Chardey's piece, which I did not see, and which people have told me about. He did call me prior to that and got some information, which he botched.

Q He seemed to.

A He was flat wrong on a number of things.

(Discussion off the record.)

Q On the record.

A Let me comment on those two flights he referred to. They were in fact flights [redacted] and those -- I don't recall quite -- it seems to me -- let me put it to you this way.

The facts would seem to suggest that after we got -- after we became clear on what the mixed load policy guidance would be, which as I recall came to me from a memo from Jim Michael on about January 6th of 1986 --

Q You might look on the document in front of you. Exhibit No. 3 refers to January 3, a policy directive.

A Okay, that's it.

Q You see the numbered paragraph at the bottom, 1 and 2.

A Yes.

Now, that point three obviously is a quote from the Michael memo.

Q You're referring to the top of page 2 of Exhibit No. 3?

A Correct. And that point is an extract, a quotation from Michael's memo on January 3. And my recollection is that with that policy guidance, which obviously does not specify only drops in Nicaragua -- it's a broader proposition than that -- we then did undertake to pay for mixed loads that were what I would describe as lateral, that is to say from [redacted] [redacted] for example.

Now, as a matter of practice we didn't need to do that very often because, first of all, we could fill up those aircraft with our own NHAO supplies. So there wasn't free space available for the most part.

Secondly, the resistance had its own air transport capability, as I mentioned to you, and/or they were able to charter with their own funds other transport. So that didn't mean we were their only source of air transportation.

On the two flights that were referred to in the newspaper article to which you referred, one of them was in fact a mixed load which had, as accurately stated in the article as I recall, about 7 percent lethal. The second episode, the second flight, as that identified it, that article identified it, was a different proposition.

We were told -- we were given an intelligence report from the field, which we then investigated further, and we had some oral reporting on it as well as written. But we were told that what had occurred is that one of our charted flights that was flying from [redacted] [redacted] was only about half-full of NHAO material and that one of the ground people [redacted] decided that he should utilize that excess capacity and put lethal on it.

We were told that man was told by his superiors not to do that because it would be contrary to our guidelines, and then when somebody turned his back he

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went ahead and did it. And when the aircraft arrived at [redacted] it was found to have 50 percent of its capacity lethal supplies.

That was duly reported to us and NHAO called the carrier and said: We will not pay for that flight because it violated our guidelines. And the carrier accepted that and said, all right.

I do not know who paid the carrier for that flight, but NHAO did not.

Q Was that carrier Southern Air Transport or, excuse me, Airmach?

A I believe it was Airmach. Yes, I'm sure it was Airmach.

Q Because it would have been -- it was an L100.

A Because one of my people, Phil Buechler, telephoned Cynthia whoever --

Q Donlinger?

A Donlinger, who was the bookkeeper for Airmach, and told her.

Q Right. I think I ought to put into the record some of the specific information. This is based on some CIA cables, some traffic there, that on either the 19th or 20th of February of 1986 an NHAO-chartered L100 transported from [redacted] a load which consisted of -- and I have the exact poundage here, but

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it breaks down into 93 percent humanitarian and only 3 percent -- excuse me, 7 percent lethal.

Then on the 20th of February, another L100 flight left -- cargo for FDN, left from [redacted] [redacted] which carried approximately half and half between humanitarian and lethal.

Those were the two flights you're referring to?

A Yes, I believe so.

Q Now -- and then the CIA information indicates that some people were "read the riot act" and future NHAO charters would carry no lethal material and FDN was to rely on chartered DC-6 to shuttle lethal supplies from [redacted]

To your knowledge, were there any other occasions other than these two when the issue came up about whether or not to pay for a specific shipment which contained a mixed load?

A I don't recall any other. I may be wrong, but to the best of my memory I don't recall any.

Q I don't have any indication of any, and your memo talked about those two particular flights and I just wondered if there were any others that you knew of.

A The memo that you speak of is this Exhibit 3?

Q Yes, Exhibit 3 on page 2 -- excuse me. On page 3 you refer in the middle of the page to two examples demonstrating the effectiveness of the monitoring system.

I just wanted to make sure that, while you call them two examples, they weren't just simply two that you picked out of a larger group.

A No, no. I think those were it. And as I recall, and perhaps you found in my files a memorandum to me from Kevin Whitaker in which I asked him to research this question.

There is in the files Whitaker's memo to me, I would have thought from about around March or April of '86. And I would have drawn on that memo in compiling this.

Now, I'm pretty sure that -- and his memo addresses the whole issue of when did NHAO, if at all, involve itself with mixed loads. And as I recall, he came up with only -- I think -- now let me say this. I wonder if there wasn't -- well, wait a minute. Let me look at this for just a minute.

Q Take your time.

A For some reason, it sticks in my mind that there were three flights that had mixed loads, of which one of them, the third, is this one that turned out to have half, and that there were two others that had mixed loads, of which this is one.

Now, I can't be absolutely sure, but I think there might have been one other flight.

Q Do you recall what the percentage breakdown was on that?

A All I recall is that it was within our guidelines, and I think by that -- we never had -- as you can see from the policy guidance, there was no firm number.

I think we were using actually about 90-10. The newspaper article to which you referred I think uses 80-20.

Q Right.

A But I don't think that was it. I think we used as a rule of thumb -- as a rule of thumb we used about 90-10.

Q 90 percent humanitarian and ten percent?

A 90 percent humanitarian and ten percent lethal.

Q And you mentioned some of this off the record. Let me get this on the record. Did you receive any pressure from either Assistant Secretary Abrams or anyone else at the State Department to allow more mixed loads than the record reflects that were actually allowed?

A No, I was under no pressure whatsoever. As a matter of fact, I think that in my files is a memorandum that I wrote after a conversation with Elliot Abrams in which Abrams himself expressed some reservations because -- about mixed loads, because of the political sensitivity of the whole issue.

And Abrams was obviously acutely sensitive to the political dimensions within the United States of this, particularly as the Administration was going to be going back to the Congress for further assistance to the resistance.

So they had to keep their constituency in mind.

Q Okay.

Now, let me show you Exhibit No. 4, which is a summary from your files of -- it appears to be a complete summary of those air chartered flights from the United States to Central America.

(The document referred to was marked Duemling Exhibit No. 4 for identification.)

A Yes, I think this certainly looks like it. What's the date of this?

Q Here, this copy is better.

It's October 21, 1986.

A Can I look at your copy for a moment?

Q There's a note on the side indicating that a copy was given to HPSCI.

A Yes, that is here. I'm not sure that that's the date when it was actually created, but it may have been.

This was put together, this exhibit was put together, by Phil Buechler at the NHAO staff.

Q It just attempts to be a summary of --

A I believe so. And it may even have been put together to respond to a request from Latimer.

Q Okay. Let me go through a few of these flights with you here. The first four flights were with Connor Air?

A Yes.

Q Now, NHAO had a contract with Connor Air, as I understand it, initially because that was the airline company that [redacted] people said they had been using up until that point.

A Correct.

Q And you all decided to go ahead and continue with the same air charter service they were using?

A Correct. That was one of the policy guidelines, was do not disrupt the existing arrangements of the resistance movement unless there is a terribly good reason.

Q Who told you that, by the way, going back to the beginning of this?

A Ollie North.

Q North told you that?

A Yes.

Q Basically, that the FDN and the UNO people had an existing logistics network that had been working fine and NHAO shouldn't come in and disrupt the whole thing

A Ollie North's point was, look, these guys have built up with great difficulty their own logistics system over the past year, during which they were receiving no assistance from the United States government. Now the U.S. government is back in the act. Let's not displace or dislodge or replace their existing arrangements, which seemed to be working perfectly well.

And that advice seemed, generally speaking, good advice to me, because if they're handling it why should we take it over in terms of the mechanics?

Q Okay. Now, going down, the second flight from Connor Air was a flight on October 10th, 1985, from New Orleans [redacted] which as I understand it had some notoriety surrounding it.

A Correct.

Q Would you go ahead and give us a brief description of what problem arose in connection with that

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flight?

A Yes. What happened is that that flight departed, as indicated, from New Orleans and, unbeknownst to NHAO, Mario Calero, who was running the operation in New Orleans, permitted an NBC television crew to fly along on the flight.

I believe Mario himself was on the flight, too. And I guess he was doing it because he felt this was going to generate some kind of favorable publicity for the resistance.

In any case, they arrived, the flight arrived [redacted] It is the principal airport for [redacted]

And as I understand it, the flight taxiied over on landing to the military side of the airfield. And when the aircraft stopped and the doors opened and so forth, out came the TV crew. [redacted] military who were on the ground were astonished, and I think were concerned about what was going on.

And so they apparently put the NBC television folks into a van or something and drove them over to the civilian side of the airfield so that they could be processed through customs and immigration and so forth.

But that episode apparently was very

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embarrassing to the [redacted] or at least they felt it was, because it demonstrated a degree -- to the press, to the NBC crew, a degree of [redacted] involvement with this whole arrangement.

And the [redacted] chose to make an issue of that with the U.S. government, in fact so much so that they suspended this arrangement and it was not possible to continue flying directly [redacted] for, as you will see from this chronology, actually several months.

So we were not able to fly [redacted] until February of 1986, and that episode was a terrible blow. It had certain other repercussions, too, because Oliver North used that episode as an example of why he felt NHAO should employ Robert Owen, and he claimed that if NHAO had hired Owen and Owen had been along on this, this whole thing would never have happened.

Personally, I'm skeptical, but that was what North argued.

Q Yes, I will return to that issue a little bit later.

At any rate, because of this incident NHAO was precluded essentially from using Connor and also from being able to bring air supply goods right into [redacted] for several months?

A Correct.

Q Now, because you could no longer use Connor and when you were finally allowed to go ahead and have some shipments resumed, some air shipments resumed, how did the company Airmach come to be selected?

A Let me give you a little bit of background. We -- the negotiations with the governments in Central America were entirely in the hands of the State Department and/or others -- NSC, CIA, I don't know.

NHAO, myself included, were never part of the negotiations with those governments on the subject of the transportation arrangements and what would be permitted and so forth. We were kept completely out of that.

So that -- I won't say necessarily even by choice -- we simply were not included. And I know that there were several trips, for example, made into the area by Bill Walker, for example, by [redacted] I guess by Ollie North, and so forth.

And they were trying to negotiate with the [redacted] All we were told, we were given the orders as to what we would be permitted to do. And indeed, we were told that when the flights did resume that only certain carriers might be acceptable to [redacted] and we had to provide aircraft types and side numbers and so forth. There were a lot of constraints.

And what I'm trying to get across here is the fact that we were having to operate with a number of constraints being imposed upon us that we never understood. They were simply a given.

Now, what happened on the matter of Airmach, apparently Dick Gadd, who runs Airmach, approached Mario Calero in New Orleans and, if I understand it, had dinner with him, and the next day or so we had a letter, as I recall, from Calero either to me or to maybe Phil Buechler, because the day to day contacts were always between Calero and Buechler.

And as I recall, he said that Airmach was prepared to fly this, to undertake this business, and that we should have a look at it.

Now, I don't recall whether -- I think it's almost certain that we would have double checked that [redacted] to determine whether or not this is going to be an acceptable arrangement. And we obviously were told it would be an acceptable arrangement, because, as I say, we had to refer these things usually through [redacted] who undertook to discuss it down through the channels with [redacted]

And so that's how we came upon Gadd and Airmach.

Q Okay. And when you were looking around for another company, you had received [redacted] a list of five, six, or seven companies?

A I think that's right, yes.

Q And one of the companies on there was Southern Air Transport?

A Yes.

Q And I believe you told us at one of the interviews that you had talked with William Langton, who was president of Southern Air.

A I did.

Q But he didn't want the business?

A Correct. Let me tell you what I told you. What happened was that I was in Miami, I guess for one of our periodic operational meetings with the representatives of the resistance, and I went over to actually, as I recall, visit Vortex, I think. And I -- we had been in touch, I think maybe Phil Buechler had been in touch, with Southern Air.

And Southern Air was providing some ground services to Vortex, but we were not paying Southern Air. We were paying Vortex.

And so I went over there just to look around and see what the facility was like and so forth. And I've forgotten whether I asked to see Langton or Langton

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heard I was there and said he wanted to talk to me.

In any case, I spent probably half an hour in Langton's office at Southern Air, and he asked me about what NHAO was all about and what we were doing. And I told him and he -- as I recall, I did not make a memorandum for the record on this conversation, but as recall it Langton said to me that that was all very interesting, but that Southern Air Transport was not interested in doing NHAO business.

And the reason that it was not was because Southern Air had been created originally as a CIA proprietary, and then it had gone public. It became a private company. And it was trying very hard to build its commercial reputation as a responsible private company that had nothing to do with the CIA.

And therefore, he did not want to compromise Southern Air's image by undertaking contracts that were politically sensitive, or something of that sort.

[redacted] The irony obviously is that it was directly contrary to what Mr. Langton had told me was the policy and interest of his organization.

Q Now, when you contracted with Airmach for their services, did you know at the time that Airmach

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didn't own any airplanes and was simply going to broker the contract?

A I don't know when I knew that, but I certainly knew it quite early in the game. It was clear to us that in this whole world of air charters, which I had known nothing about until I got involved in this, that there are a lot of jobbers out there who undertake things of this sort, that are fairly small undertakings by a lot of carriers' standards.

They're too small, they don't earn enough, and the conditions are too awkward or difficult. So what you find is that you are dealing with jobbers, if you will, who themselves may not own aircraft, but who put the package together and who charter the aircraft and find the pilots or whatever.

My impression of Gadd was, first of all, I thought that he probably did have aircraft, or at least aircraft that he had under lease, and his own pilots and so forth.

As we came to have some experience with him, it became pretty clear that, if he had aircraft, he didn't have very many, because, for example, at one point when he was supposed to be doing a job for us he called us up at the last minute and said that his aircraft had mechanical difficulties and it was down in Marseilles, and therefore he could not perform on his undertaking.

So it was not clear to me how many aircraft he had or if he had any. But he certainly had control of some.

Q Do you know whether or not Connor was a jobber or whether he actually owned the airplanes that he used?

A I have the impression that they owned their airplanes, but I'm not sure.

Q What about Vortex and Markair?

A Markair, my impression is that they definitely owned theirs.

Who else did you ask about?

Q Vortex.

A I thought that Vortex owned at least one of its aircraft.

Q When did you find out that, at least for some of these flights, if not all or most of them, Airmach was subcontracting the work out to Southern Air Transport?

A Not until long after the fact. I don't think we found that out -- well, it was probably -- I can't recall directly, but it was long after we had even ceased dealing with Airmach.

By the way, we ceased dealing with them because, for a lot of reasons, we were not satisfied with their performance. And we complained. I complained to [redacted] because here again is this problem of, they seemed to be the designated carrier.

And I complained to [redacted] and [redacted] said: Well, I think we had better continue it a little bit longer because of all of these complications and delicacies surrounding the whole business of the airlift, if you will.

Q Let me stop you here for a second. Did you get either the impression -- did you get the impression from something [redacted] either said or implied to you that there were other activities that Dick Gadd was involved with for the government, and that one of the reasons why he would -- they wanted to continue to use him in this endeavor was to sort of pay him back for work he was doing in connection with [redacted]?

A Yes. When we complained about nonperformance and a variety of things, his people weren't showing up on schedule, their behavior was less than professional, we had complaints from Project Hope that when his guys went out to load at Dulles that they were inept or inefficient or whatever, so there were a lot of problems with it.

And when I conveyed all that to [redacted] yes, [redacted] indicated that there was something which he didn't want to go into detail on, but that somehow the U.S. government owed Gadd something, and that he apparently

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had undertaken -- had performed something for which he had not been adequately compensated, and the idea of continuing to give him this business for another two or three flights was going to be a form of compensation to Gadd.

Now, mind you, we were getting something in return for what we were paying out. But in a certain sense, the contract was being channeled to him and continued with him even after we, NHAO, as the client were not satisfied with his performance.

Q Right. Now, there came a point in, I believe, April of 1986 -- I'm a little fuzzy on this, but I think it was looking at some of your notes. There was a reference somewhere to the statement coming to you from [redacted]: "We have done enough for Gadd."

A Yes, I vaguely remember something like that.

Q What can you tell me about what you recall about what finally happened when you were able to go to somebody else besides Airmach?

A Well, first of all these arrangements, the details of all these arrangements, were all conducted really between Phil Buechler and Cynthia. And I only met Gadd, I think, once or maybe twice at the office, when he came into the office and we set up the initial contracts and so forth.

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And I think that -- well, I don't know. I have to get my memory straight here. I think that what happened was that after [redacted] in effect said, all right, we've done enough for Gadd, then I guess we informed Gadd, we informed Airmach, that we would not be placing any further flights with them, and that was all.

And I don't recall, quite frankly, whether there was any recrimination over that or not. I don't recall whether Cynthia said, hey, wait a minute, why are you cutting us off or something. I don't remember.

But I do know that when [redacted] told us it was no longer essential that we keep using Gadd, that we did then terminate it, and that was it.

Q Okay. One question about Vortex. It has been alleged by people before other committees of Congress that Vortex as a company -- one of the owners of Vortex is a man by the name of Frank Moss, and that he was a "suspected drug trafficker."

Did you have any information or any indication whatsoever that the company of Vortex or anybody associated with Vortex was other than on the up and up as a legitimate business?

A Absolutely not. Everything I knew about it was that it was a legitimate business. But I have to say that I guess we did not spend a lot of time investigating the company or its background or the people in it. I'm sure we must have checked Dunn & Bradstreet or something of that sort to find out if they had a reputation.

I can recall that Phil Buechler, who handled these kinds of things for me on a day to day basis, was very pleased with the kind of can-do spirit of Vortex. I never heard that name that you just mentioned, Moss. I never heard that name.

The only two people whom I recall -- and I visited down there once and I met -- I'm sorry, I can't remember their names, but there was one fellow who I thought was the president of it, with an Hispanic name of some sort; and the other fellow, it's the guy that Phil dealt with constantly and who was very helpful to us, and he has a straight Anglo name of some kind. I've forgotten what it is, Parker or something or other.

Q Just to finish up on this, I believe it's been -- the allegations are -- no, that's another company. I will get to that in a second.

(Discussion off the record.)

Q I misspoke about something, the name Moss. Actually, this may be the name you're referring to. The allegation -- or no, there's not an allegation. Apparently a man by the name of Mike Palmer --

A Mike Palmer, that's the name.

Q Who is the vice president of Vortex, is currently under indictment in Detroit for marijuana smuggling.

A I heard that, I think probably about two months ago.

Q Okay. According to information that, as I say, other committees received, some time in March one of its airplanes was searched by Customs, and Palmer stated that the airplane was a "State Department mission" that involved covert CIA operations.

A When was that?

Q March of '87, which doesn't even make any sense.

A It's a long time after we had anything to do with them.

Q But at any rate, you had no information or suspicion or indication, anyway, that Mr. Palmer or his company were at all involved in illegal activities?

A No knowledge of that at all.

Q Now let's go to Mr. Owen and quickly tell the story. First of all, let's start with Exhibit No. 5.

(The document referred to was Duemling Exhibit No. 5 for identification.)

Q This is notes that you took of a conversation you had with Mr. Owen on, I believe, September the 18th, 1985, is that correct?

A That's correct.

Q He came in to talk to you about the possibility of being hired to assist NHAO?

A Correct. And at this time I was trying to put together a staff for NHAO.

Q And if I can quickly summarize some of this, he said that he was well acquainted with the contra leaders, he was well acquainted with Ollie North, he worked closely with him, he had no connection with the CIA or Department of Defense.

He gave you a general background and stated that he could be of much help and benefit to NHAO, is that correct?

A Correct.

Q Now, what did you tell him at the time?

A I told him at the time that -- let me look at my own note here. I think I have a pretty good recollection.

I told him at the time that we were indeed trying to put together a staff and I could see that his credentials certainly made him a plausible candidate, but that I did not at that time see a particular role that he could fill and that his own background and experience would equip him for.

And I believe I also mentioned to him that I was attempting to put together a staff entirely from people already on the payroll of the U.S. federal government, because I could get them seconded to my operation at no cost. Their own agencies would pay their salaries.

And also, I could get them more quickly and if I would have hired a civilian from outside of the government, such as he, there might be some problems quite apart from the cost. There might have to be a clearance procedure or an employment procedure. I simply didn't know.

But in any case, I gave him what I considered was a polite but rather noncommittal reply.

Q Okay. You just reminded me of another area I just wanted to ask one brief question about. I think you have already done these calculations. Of the total amount, $27 million, that was appropriated and ultimately spent by your organization, what percentage of it was taken up with administrative costs, salaries?

A Yes, we calculated that very definitely. It was approximately one percent of the $27 million.

Q Thank you.

Now, after this meeting with Mr. Owen on the

18th -- I hand you Exhibit No. 6, which is the notes you took of the conversation you had with Lieutenant Colonel North on the 24th of September, 1985.

A Correct.

(The document referred to was marked Duemling Exhibit No. 6 for identification.)

Q Before we get to Mr. Owen, let me just ask you briefly, he told you at this meeting that his estimate was that the war in Central America was costing the contras $2 million a month?

A Correct.

Q And that of that amount, he thought that $1.25 million could come from NHAO, in other words to reimburse the contras for the humanitarian costs?

A Correct.

Q Do you have any understanding of how the figure of $27 million had been selected as an appropriate amount to spend in that time frame?

A I was told that figure was plucked out of thin air.

Q I think that's probably correct.

Now then, towards the bottom of your notes for that day, your conversation, it says: "North wants me to use Rob Owen. He is 'can-do' and knows the scene."

That is essentially a summary of what Colonel North told you?

A Correct.

Q Did he describe to you in any way what relationship he had with Rob Owen?

A He did not go into it in any detail. Owen himself had previously mentioned to me, as we have noted, that he knew North. And North here indicated that he, North, was a good friend of Owen.

He gave me no description of what their relationship was, but I think that Chris Arkos probably, since he knew all of these people, Arkos may have filled me in on it to some degree and said that Owen is very close to North.

What seemed to be the case was that Owen, by his own description, was clearly publicly associated with support for the contras, working to support the contras, and of course as a private citizen, not in the government, he was obviously at liberty to do whatever he wanted to do with the contras.

North's own sympathy and knowledge of the contras and sympathy for them was well known. And so I just looked upon that relationship as being, that is to say the North-Owen relationship, as being part of this whole crowd of Republicans who are helping the contras and so forth.

Q Okay. I think you referred to Mr. Owen as a "true believer."

A That's what he called himself. He called himself a true believer and as a stronger supporter of the President and as a firm believer. I think he used such expressions as, I'm a true believer in the cause.

Q Now, did you -- did Colonel North tell you that he had been and was continuing to use Mr. Owen to make, physically make payments to contra leaders from funds located in North's office?

A Absolutely not. He made no mention of that.

Q Did he ever tell you that he was using Mr. Owen to transport or to convey information about military assistance to the contras, carrying munitions lists to and from contra leaders, providing Colonel North with the military needs of the contras in order for North to go out and find funding or actual materiel for them? Did he tell you that?

A Absolutely not. He never told me anything of that sort.

Q Did he tell you that he was using Mr. Owen to transport or to transmit intelligence information from the U.S. government to the contra leaders in Central

America?

A No, he did not. On the contrary, I would say that Colonel North represented Owen simply as being a nice, energetic guy who likes the contras.

Q Now, after Colonel North's conversation, this didn't change your mind any about hiring Mister -- about not hiring Mr. Owen?

A No.

Q Let's go to the next exhibit, No. 7, which is a letter you received dated October 3, 1985, from the AAA's, the three directors of UNO, Adolpho Calero, Arturo Cruz, and Alfonso Robelo.

A Correct.

(The document referred to was marked Duemling Exhibit No. 7 for identification.)

Q We don't need to go into the details, but essentially this letter from UNO asked you to give serious consideration to hiring Mr. Owen's company, IDEA, Institute for Democracy, Education, and Assistance, as a designated organization for UNO to facilitate and help UNO in connection with the NHAO program?

A It doesn't ask me to consider it. It asks me to do it.

Q Right. Actually, it says "Please consider this a formal request."

A All right.

Q Now, when you received this letter did you go out and hire Mr. Owen as a result?

A No, I did not.

Q Now then, just a few days later on October the 10th, we had that situation with the NBC crew aboard the Connor Air flight. And on October the 17th -- here are your notes, Exhibit 8. On October the 17th, there was a RIG meeting which you attended, Colonel North, Assistant Secretary Abrams, and others, and the situation in connection with that flight was the central topic at that meeting, is that correct?

A That's correct.

(The document referred to was marked Duemling Exhibit No. 8 for identification.)

Q And in that meeting, Colonel North was very vehement -- and correct me if I am not being fair, but he was very vehement about the fact that Rob Owen should definitely be hired by NHAO, and that if he had been on board this would never have happened; is that correct?

A That is correct.

Q You have a specific or separate recollection of that meeting, Colonel North being very much an

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advocate for Rob Owen?

A Yes.

Q Now, what happened at that meeting in terms of the other participants and what was finally decided?

A Well, as you have just suggested, North very vehemently and vigorously advanced the view that if we had Rob Owen on board working for NHAO, that this kind of episode would have been avoided.

He argued that NHAO needed some kind of an expediter in the field to work to get things moving. North had been saying regularly -- this meeting, after all, is mid-October. North had been saying for the better part of a month or six weeks that we weren't getting the assistance moving fast enough.

And I don't recall whether in this meeting, but I do note from my earlier notes of my office call, he invoked the name of Bob MacFarlane and Jeane Kirkpatrick. And there was quite a lot of talk about heat from the White House.

In fact, since we don't have it in front of us, but I guess it was Poindexter who raised the problem with Under Secretary Whitehead at the State Department, saying why isn't this stuff moving faster. And I was obliged to write a letter for Whitehead's signature back to Poindexter.

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So there was a lot of heat and pressure about why isn't it moving. And so North also played that theme, and basically he said, you know, you've simply got to have Owen to handle this.

And I saw myself essentially isolated. The discussion -- I continued to say I didn't really see the necessity for that. I certainly didn't see the necessity for a middleman somewhere between NHAO and UNO, because I felt that we could work directly with UNO without having some kind of a middleman.

But this conversation was essentially North advocating it, I resisting it, Elliot Abrams in the conversation a little bit discussing some of the pros and cons a bit, the others as I recall not saying anything particularly.

And finally Elliot Abrams turned to me and said: Well, Bob, I suppose you probably ought to hire Owen. Well, in bureaucratic terms the jig was up, since I was the only person who was speaking out against this. So I said, all right, I will hire Owen, but I will hire Owen only under some very specific conditions.

Do you want me to outline those?

Q That's okay. You've got it in your memo here.

A They are laid out here. And I would like to note that both Owen and North agreed to these conditions.

Ollie North typically, which is the way Ollie behaves, then of course when he's got what he wants he then becomes sweetness and light and very congenial.

Q Okay. At any rate, this then led to Owen's company, IDEA, getting a grant or a contract with NHAO?

A Correct.

Q Now, the terms of that contract, and I don't have them in front of me, but they essentially, first of all, require that the work of IDEA has to be specifically limited to humanitarian work?

A The contract was very explicit, very carefully drawn. The lawyer that we had working us from the legal advisor's office drew up the contract, and it contains language drawn from the statute.

Q It also requires Robert Owen personally to devote his full time services to the work under this contract?

A Correct.

Q It specifically prohibits him personally from engaging in any activities associated with lethal military aid or anything like that?

A Absolutely. For the time which he is under contract, he is specifically precluded from having anything to do with lethal material or assistance.

Q Now, Mr. Owen testified under grant of immunity before the Committees -- his depositions were also taken -- in which he described almost -- well, basically not skipping a beat,in connection with the work he had been doing for North then getting a contract with NHAO, and specifically admitted that during the time frame of his contract with NHAO he continued in his trips in Central America to deal with contra leaders in connection with military matters, to assist Lieutenant Colonel North, and specifically described, if I can just summarize it, a time in I believe late March or early -- late February or early March, when he accompanied a flight carrying weapons, not a NHAO flight but a flight carrying weapons, into Central America; and that when some problems -- strike that.

He accompanied a flight, an empty flight, into Central America which was going to pick up weapons from [redacted] and then transport them to the southern forces. And then a problem came up in connection with the weapons not being ready, and so the flight went on to [redacted] and there was all kinds of activity there and eventually the thing turned into a bust.

But essentially, he admitted to several days of activities in connection with trying to get these weapons to the southern front.

He also described other trips where he was essentially, as I understand it, filing two trip reports, one for you telling you what he was doing in connection with NHAO and then a second report for Colonel North telling him the other things he was doing.

Did you have any awareness of this dual role that Rob Owen was playing?

A I had absolutely no awareness of any of that. My attitude towards that is that those activities were a direct violation of his contract to us. I had no knowledge of those activities at the time that he was carrying them out.

And as I say, had I known, it's clear that in my view at least that was a direct violation of his contract. Moreover, as you have referred to these reports, we did ask that he do trip reports, which are all on file with us, and of course there's absolutely no mention of any of that kind of activity in those trip reports.

Q Now, your not knowing about those activities, is that based upon an attempt by you not to know?

A Absolutely not. I was not trying to look the other way or put on any blinders, by no means.

Q Okay, thank you.

(Discussion off the record.)

Q Let me hand you -- I will start with Exhibit

No. 9. These are going to be a series of notes you took at your meetings with Colonel North or RIG meetings on miscellaneous subjects.

(The document referred to was marked Duemling Exhibit No. 9 for identification.)

Q First of all, on No. 9 is the meeting you had with Colonel North on September the 11th, 1985. This was within a week or two of when you actually started?

A Correct. It was within a week, less than a week.

Q You went and talked with Colonel North or Colonel North came to your office?

A I went to talk to him.

Q You understood he was somebody who was somebody you needed to know or needed to talk to?

A I was told that nobody in Washington knew more about the contras than Oliver North.

Q And in this meeting on the 11th, he basically gave you a little bit of history of some of the efforts down in Central America with regard to the contras. He told you that they had -- that the contras had sufficient military equipment, they didn't have adequate transport capability, but that they were going to be chartering two Caribous, which are a type of airplane; but that basically their principal problems were specifically getting humanitarian aid and assistance, which of course is what your program was geared to do, is that correct?

A That's correct.

Q Towards the bottom of the first page of your notes, the very bottom, it says: "May 1984 money gone. Suddenly FDN on its own, starting logistics from scratch."

And on the next page it says: "July '84, money stared again. Today, excellent resupply system."

Did North indicate to you in any way where this money supply was coming from that started in July of '84?

A Not that I recall, no.

Q Did he ever tell you that foreign countries were contributing [redacted] for the contras starting at about that time?

A No, he did not.

Q Did he ever describe for you any of his activities with either General Secord or Albert Hakim or any of those people?

A No, he never mentioned that.

(The document referred to was marked Duemling Exhibit No. 10 for identification.)

Q Exhibit 10 is a meeting on October the 1st, 1985. On the second page -- if you need to read the context, go ahead. But on the second page at the top, there's a couple of items I wanted to ask you about.

First let me go down to where it says [redacted] [redacted] It says on the third line down under [redacted] [redacted] your note says in reference to [redacted] Airstrip being prepared."

A Yes.

Q Do you have any independent recollection of that conversation and what was said at that time?

A Not really. Part of my problem is that I cannot disentangle what I may have subsequently heard about that from what I might have known at the time.

What I suspect is that it was a fairly brief reference, simply saying that there was an airstrip being prepared which was going to be available for use by the resistance.

Q Did anybody say anything about any connection the embassy in [redacted] may have had with that air strip that you recall?

A No, I don't recall any.

Q At the top of the page it appears to be --

A Let me look at what happened.

(Pause.)

A Yes, go ahead.

Q At the top of the page, it looks to be that this was coming from Lieutenant Colonel North, that he was saying something about can use, "Mr. Green said to call," and then he's got the name "Maximo Gomez" and a phone number appears, [redacted] and then an arrow that says "will airlift the stuff [redacted]."

Do you have any independent recollection of what those notes are referring to?

A Well, not really. I think that it goes back to the previous page on this matter of food, and that if we did contract for some food in [redacted] -- and by the way, that embassy [redacted] cable that's mentioned at the bottom of page 1, that as I recall refers to an initiative from the embassy, not something that we solicited, but the embassy saying that a particular person, I think maybe an American citizen, well and favorably known to the American embassy, is in the food business in [redacted] and he would have come in and said to the American embassy in [redacted] Hey, you want to buy some C-rations and stuff like that? Because I am producing those kinds of things for the [redacted] I can provide those, I can sell them to you.

So the embassy simply passed that on and said, if you guys are interested in buying C-rations, there's this guy that's well and favorably known to us over here in [redacted]

Now, I think what then happens here is that what we were told or North said -- if you decide to do that or if this does happen, you can get the stuff airlifted from [redacted] and that the way you did that would be to call Gomez, here was his telephone number, and I think tell him Mr. Green said that we should call you and can you arrange to fly this stuff in.

I think that's what that's all about.

Q I think that's probably a pretty fair assumption.

Did you know that there was an individual located in [redacted] by the name of Felix Rodriguez, who went by the name Max Gomez?

A I did not. No, this is all totally new to me at this point.

Q I believe there is other evidence to indicate that in fact Mr. Green was the code word that Colonel North would use in connection with --

A I gather that's the case.

Q And that Maximo Gomez is in fact this individual, Felix Rodriguez, located in [redacted]. But essentially, what you just related to me is all you can recall independent of anything anybody else may have told you about this?

A That's correct.

Q Okay. Thank you.

(The document referred to was marked Duemling Exhibit No. 11 for identification.)

Q Exhibit No. 11 are minutes -- well, not minutes, but your notes of a RIG meeting of November 1, 1985. Toward the bottom of that first page of your notes, under item number 6, the whole thing starts off with "RWD checkpoints." So I guess these are items that you are intending to discuss at the meeting?

A I would think so, yes.

Q And then it says "Robelo very frank that" -- talking about Alfonso Robelo?

A I think that must have reflected a conversation I had with Robelo.

Q Okay. And he was a contra leader in connection with factions in the south?

A Correct. He would have been talking about the southern front.

Q The very last item under number 6 says [redacted] very touchy," with "very" underlined.

[redacted]

A Correct.

Q "Not possible to send any supplies directly, perhaps through UNFDO later."

I guess all I'm asking is, do you recall in fact that the government of [redacted] like the government of [redacted] was very, very touchy about any overt connection that NHAO or any overt presence of NHAO inside [redacted]?

A Yes. It was represented to me that [redacted] was far more touchy [redacted] and that [redacted] was not only very touchy about having any support for the contras [redacted] but they also were not playing any games behind the scenes, the way [redacted] were in fact supporting it behind the scenes, but didn't want it known.

[redacted] not only didn't want it happening, but they weren't going to help, [redacted]

Q All right. My question then is, when you understand this or when you hear something like this, I'm trying to fit that in with the brief reference that had been made in the October meeting about an airstrip being prepared [redacted]

Did you ever make the connection between the fact that the government [redacted] was so very sensitive about this and yet North was talking about some

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kind of airstrip being prepared?

A Well, I think what I inferred was that the airstrip -- and here again, I'm not sure whether I can disentangle later knowledge. But I think I inferred that the airstrip that was being prepared was in a very remote part [redacted] that it was sort of a semi-clandestine undertaking, and that perhaps the government [redacted] was not to be informed about it.

And if it were -- and this often happens in that and perhaps other parts of the world. [redacted]

And as an illustration, for example, I was told that some of the regional authorities, military authorities, police authorities, because there is no army [redacted] but let's say the police authorities along the border with Nicaragua, looked the other way on some of the activities that the contras were conducting, whereas the attitudes in the capital, [redacted] would have been much more negative.

Q Okay. Now let me turn to another subject here. Let me hand you Exhibit No. 12.

(The document referred to was marked Duemling Exhibit No. 12 for identification.)

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Q There's only one brief reference I want to ask about in here, but generally these are documents in connection with a SIG meeting, S-I-G, which stands for Senior Interagency Group, is that correct?

A Correct.

Q On May 15, 1986. This was a meeting at a one step higher level than the RIG, and I believe one of the pages here shows the participants toward the end.

A It shows probably Michael Armacost as chair.

Q It shows Under Secretary Armacost as chairman, Assistant Secretary Abrams, yourself, and some others from State. It shows Sam Watson from the Vice President's Office, and North and Ray Burkhart from the NSC.

Now, the question I want to ask you about was contained on page -- I believe there's nothing else in here that I'm particularly interested in. Do you see the number at the top where it says 4331?

A Yes.

Q Starting at the bottom of that page --

A Where it says "With the end of NHAO funding"?

Q Right. Let me read that into the record. It says:

"With the end of NHAO funding March 31, there is a discussion of alternative sources of funding for the Nicaraguan Democratic Resistance. [redacted] noted that the Intelligence Authorization Act would allow the CIA to implement a full non-lethal program if funds can be transferred for that purpose."

I will skip a few sentences.

"[redacted] stated that, if bridge funding is not obtained, resistance forces will encounter serious operational problems in July-August. There was some discussion of State soliciting funding from third countries or a general public appeal for donations."

I wanted to ask you about if you can elaborate at all upon the discussion of State soliciting funding from third countries, with the preface that at this point the existing legislation specifically authorized the State Department to solicit from third countries assistance for the contras. So there was nothing untoward about the discussion.

But do you recall anything specific about the discussion?

A I do not.

Q Do you recall -- you said you don't recall, but let me throw a few things out and see if any of it prompts your memory.

Do you recall any discussion about the fact that [redacted] might be countries that would be willing to contribute money for the contras?

A I really don't remember.

Q Do you recall Assistant Secretary Abrams saying anything at this meeting about the fact that at this very time he was in discussions or his office was in discussions with General Singlaub about General Singlaub soliciting funds from [redacted] with some type of a wink or government approval?

A I don't have any recollection of that.

(Discussion off the record.)

Q I have handed you what's been marked as Exhibit No. 13, which is a four page letter from an individual by the name of Lee Mason with a company called Hondu Carib Cargo, with an address in Grand Cayman, British West Indies, addressed to Mr. Philip Buechler of your office, dated January 20th, 1986.

(The document referred to was marked Duemling Exhibit No. 13 for identification.)

Q In summary, the letter offers the services of this particular company in connection with, I believe, making some flights into the region for NHAO.

First of all, was this company solicited in any way to make a proposal to NHAO?

A No, this letter arrived in our office entirely unsolicited.

Q Okay. Did Hondu Carib Cargo ever get any kind of contract with NHAO to provide any services?

A No, they did not.

Q Basically, what was the response to this letter?

A I'm not sure if we even responded. I don't think we were very impressed. You will note that it is hand printed on their letterhead. That doesn't look like much of a business, if they can't even afford a typewriter.

So I don't think we were impressed and I don't even think we responded.

Q I had mentioned earlier in my examination allegations about a man named Frank Moss, and I incorrectly associated that name with Vortex. The name, according to the allegations, is actually associated with this company, Hondu Carib.

And I noted in the last page of this letter there's a notation that has some numbers and then his name, Frank Moss.

First of all, you don't know anything about Mr. Moss?

A I don't. It's -- if there was any action taken on this, it would have been perhaps by Mr. Buechler, to whom it is addressed.

I can't tell you offhand whether that is Buechler's handwriting or not.

Q Do you have any information or indication in any way that Mario Calero had any connection whatsoever with Hondu Carib Cargo?

A No. I have no knowledge of that, no indication.

Q Correct me if I'm wrong, but there was an incident. One of the things NHAO discovered was that approximately $25,000 or thereabouts of NHAO funds had been used by some contras improperly in connection with some purchase of weapons or something?

A Correct.

Q And that money was reimbursed to NHAO?

A That's correct.

Q So to your knowledge, none of the $27 million ever ended up in providing lethal aid in any way? On the one occasion you can recall something, you were reimbursed?

A That is correct.

Q And Rob Owen talked about the use of pro forma receipts by some suppliers [redacted] because it was a way of sort of getting imaginative credit down there. What did you know about the use of pro forma receipts?

A That was a bit complicated, because when we first started we thought we would work on the basis of so-called pro forma invoices, which is a standard commercial practice, in order to quote a price and quantity and that sort of thing.

And then we were planning that there would be pro forma invoices, which we would then approve in principle, and then the purchase would be made and the true invoice would come back.

We discovered that was going to be cumbersome and time-consuming, so we did away with that, and we dispensed with the notion of using pro forma invoices. However, we did find out that on a couple of occasions people did submit to us what I would describe, not as pro forma invoices, but as fraudulent invoices, that is to say invoices that purported to be an actual -- a document representing an actual transaction which in fact had not occurred.

And one such episode was the one that you just referred to. Another episode -- and curiously, both of these occurred in the south, not in the north. And the other episode had to do with a firm with which we contracted for some shirts and pants.

Q Do you recall the name of the company?

A I think this was the one, I think it was Duque-Estrada. The other one I think was Creaciones

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Fancy, the one that had actually the $26,000, I think, and that was Creaciones Fancy.

It was Duquue-Estrada, and what really happened was that they gave us fraudulent invoices on which we paid, but what they did was take the money and buy cloth and buttons and sewing machines and manufactured the shirts and the pants and so forth.

And we spent a long time investigating that on the ground. Mr. Ortega and the staff investigated that.

Q Those are the questions I had. I think we can probably finish up. If there is anything we need to come back with you on, I will let you know.

That will complete the deposition and, as I say, we'll get back in touch with you if we need to go any further with any of this.

(Whereupon, the taking of the instant deposition ceased.)

____
Signature of the witness

SIGNED AND SWORN TO before me this ____________________
day of _________________________, 19____.

____
Notary Public

My Commission expires: ________________________________

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Nicaraguan Humanitarian Assistance Office

Ways in which [redacted] Authorities Inhibit Flow of Assistance to the Nicaraguan Democratic Resistance (UNO): A Checklist

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1. Flights from U.S. to [redacted]
    a. Flight clearances
    b. Acceptability of chosen carrier
    c. Designation of entry point (may be remote from UNO's area of operations)

2. Warehousing
    a. Determining where supplies must be warehoused
    b. Controlling release of supplies from warehouses

3. Internal surface transportation
    a. Designating carrier and types of vehicles to be used
    b. Controlling passage of vehicles through checkpoints

4. Internal air transportation
    a. Designating carrier
    b. Controlling numbers of flights by clearance procedures
    c. Designating airfields to be used (may not be most convenient to UNO operations)

5. Controls exercized by regional commanders
    a. Sequester supplies and release them only as they see fit (this is definitely the case [redacted]
    b. Control of transportation, check points, etc.

NHAO:RWDuemling:12/17/85

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4 JAN 86

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PAGE 0001
TOT: 04[redacted] JAN 86 DIRECTOR 677959

S E C R E T
STAFF 04[redacted] DIRECTOR 677959
TO: [redacted]

Declassified/Released on 1/25/88
under provisions of E.O. 12356
by B. Reger, National Security Council

SUBJECT: POSITIONING OF NHAO SUPPLIES

REF: DIRECTOR 672514

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1. THIS CABLE OUTLINES STATION'S [redacted] IN THE NHAO TRANSSHIPMENT OPERATION TO BE RUN [redacted] PLEASE FEEL FREE TO SHARE IT WITH COM AS APPROPRIATE. IN THE WAY OF BACKGROUND, [redacted] IS CHARGED WITH THE RESPONSIBILITY OF MONITORING AND VERIFYING THE ARRIVAL, ONWARD SHIPMENT AND ULTIMATE USE OF MATERIAL SUPPLIED BY NHAO TO THE RESISTANCE FORCES. (THE REASON FOR THIS IS TO AVOID THE NECESSITY OF POSITIONING NHAO PERSONNEL IN THE FIELD, SOMETHING WHICH CARRIES WITH IT A SERIES OF UNWANTED COMPLICATIONS.)

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2. [redacted] STATION IS TO MONITOR THE ARRIVAL OF ALL EQUIPMENT BROUGHT IN BY NHAO FLIGHTS. THE STATION SHOULD REPORT BY [redacted] INTELLIGENCE CABLE TIME OF ARRIVAL OF FLIGHTS AND DETAILED LIST OF MATERIAL OFFLOADED. REPORT SHOULD CONCLUDE BY ADVISING IF MATERIAL WAS STORED OR IMMEDIATELY TRANSSHIPPED . TO FACILITATE THIS REPORTING THE STATION WILL BE ADVISED REGARDING THE TIME OF FLIGHTS AND THE NATURE AND AMOUNT OF CARGO.

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3. SECONDLY, STATION IS TO REPORT IN DETAIL ON ONWARD SHIPMENT OF THE SUPPLIES. THIS REPORTING SHOULD DESCRIBE IN DETAIL THE CONTENTS OF THE LOAD, THE TYPE OF AIRCRAFT AND THE ULTIMATE DESTINATION OF THE CARGO. ([redacted] WILL BE ASKED TO REPORT RECEIPT OF THE SHIPMENT AND VERIFY THAT THE SUPPLIES WERE IN FACT USED BY THE RESISTANCE FORCES.)

4. THIRDLY, STATION IS TO CONFIRM THAT NONE OF THE SUPPLIES ARE DIVERTED TO [redacted] ORGANIZATION. THIS IS A

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STAFF

[redacted]

PAGE 0002

TOT: 04[redacted] JAN 86 DIRECTOR 677959

CRUCIAL [redacted] WHICH WILL REQUIRE STATION'S ACTIVE INVOLV[redacted] IN THIS [redacted]RD STATION IS ASKED TO BRIEF [redacted] APPROPRIATE SENIOR [redacted] OFFICIALS INCLUDING [redacted] AND [redacted] ON THE REASONS UNDERLYING OUR HARDLINE POSITION VIS A VIS [redacted] STATION HAS BEEN PROVIDED BACKGROUND PAPER ON THIS [redacted]. IF IT IS [redacted] LONGER AVAILABLE PLEASE ADVISE AND WE WILL R[redacted]MIT IT. [redacted] OUR BRIEFINGS IT IS IMPORTANT TO UNDERLI[redacted] VIEW [redacted] IT IS ALSO IMPORTNT TO POINT OUT THAT SUPPLIES WILL BE MADE AVAILABLE TO FRS UNITS IN THE FIELD VIA NHAO, IF THEY (THE UNIT COMMANDANTES) SO REQUEST. (FYIO: SPECIFIC PLANS TO THIS END ARE BEING MADE.)

5. FINALLY, [redacted] STATION SHOULD FEEL FREE TO REPORT [redacted] BACKGROUND INFORMATION ON THE FUNCTIONING OF THE TRANSSHIPME[redacted]RATION. TO FACILITATE THIS THE STATION WILL BE AS[redacted]D IN ESTABLISHING LIAISON CONTACTS WITH UNO/FDN PERSONNE[redacted]GNED [redacted] TO MANAGE THEIR END OF THE TRANSSHIPMENT [redacted]TION.

6. [redacted] WILL BE ASSISTING UNO/FDN REPS IN ESTABLISHING SECURE CO[redacted]CATIONS WITH THEIR HEADQUARTERS IN [redacted] BE ASKED [redacted] CONTACT WITH [redacted] STATION AND TO BRIEF APPROPRI[redacted]PERSONNEL ON THIS PHASE OF THE OPERATION.

7. THERE OBVIOUSLY WILL BE OTHER QUESTIONS JHICH WILL ARISE, HOWEVER, THE FOREGOING PROVIDES GENERAL GUIDELINES. PLEASE ADVISE IF THERE ARE ANY QUESTIONS.

8. FILE: [redacted] DECL OADR DRV HUM 4-82. ALL SECRET.>
ORIG: C/LA/CATF [redacted]
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March 9, 1986

Memo to the File

Policy Decision Concerning Helicopters

Jim Michel telephoned ~~March~~ Apr 9 to discuss my memo of April 1 to Elliott Abrams requesting guidance on helicopters for UNO.

Michel said he had discussed the issue with Bill Walker, and they had agreed and so advised Abrams that it would be imprudent at this time to assist UNO in connection with helicopters. Michel said that if helicopter(s) were to be marked, configured and used exclusively for medevac purposes, it might be possible, but any amount of dual use would create problems of a perceptual and practical nature.

Therefore, the guidance at this time is that NHAO should not act affirmatively on any request involving expenditure of funds for the overhaul, maintenance, operation or transport of helicopters.

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Nicaraguan Humanitarian Assistance Office (NHAO)

Policy on "Mixed Loads"

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Definition

"Mixed loads" refers to the practice of combining humanitarian and lethal supplies within the same delivery load.

Policy as it evolved:

--[illegible]ember 5, 1985: At a hearing of the HFAC Western Hemisphere Subcommittee, Mr. Abrams promised Congressmen Barnes and Le[illegible] that the Sub-committee would be informed if the Administration decided to interpret the law to allow NHAO-funded vehicles to be used to transport weapons.

--[illegible]ember 18, 1985: Messrs. Michel and Duemling called on HP[illegible] Chairman Hamilton to discuss the mixed loads issue. Hamilton stated that the legislative history is ambiguous on this issue, expressed the opinion that using NHAO-funded vehicles to transport weapons would be "skating close to the edge" and suggested a "best and faithful effort" in that the "principal use" of such vehicles would be humanitarian and "in the overwhelming majority of cases" the vehicles would be put to humanitarian uses.

--[illegible]ember 18, 1985: Duemling briefed SSCI Staff Director McMahon on Hamilton's views. McMahon indicated that SSCI Chairman Durenberger was inclined to a more liberal interpretation than Hamilton, but he did not offer to pursue the issue.

--[illegible]uary 3, 1986: Michel sent Duemling a policy directive, reflecting inter-agency consultations and approved by Abrams, containing the following points:

- The Conference Committee on the Intelligence Authorization Act for FY86, meeting in November 1985, provided a "clarifying" liberal interpretation of NHAO's authority in the matter of funding vehicles;
- On the basis of this clarification, and subsequent soundings with appropriate members of the Congress, NHAO was provided with the following guidance:

1. NHAO was authorized to pay for deliveries of humanitarian assistance, including inside Nicaragua.
2. NHAO grants involving vehicles and transportation services must specify their humanitarian purpose and prohibit any modifications that could inflict bodily harm.

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2. "However, the grant need not preclude absolutely the transport of mixed loads. Rather, it should be explained to the beneficiary that transport of lethal items should be avoided if possible, that incidental transport of such items in mixed loads is permissible if separate transport would be impractical or unduly hazardous, and that in any event the primary and predominant use of NHAO-funded transport must be the delivery of humanitarian assistance commodities."

-- January 10, 1986: ARA/CEN sent a memo to Abrams enclosing talking points for the oral briefing of Congressmen Barnes and Le[illegible] (pursuant to the December 5 commitment) on the NHAO ve[illegible]-funding policy. This memo states that the HPSCI Staff Director had already been briefed on the policy. The talking points repeat the substance of the policy guidance sent by Mi[illegible] to Duemling.

The Policy in Practice

Flights from the U. S. to Central America: NHAO contracted with private U. S. air carriers to ship humanitarian supplies purchased in the U. S. to destinations in Central America. All such flights were cleared by U. S. Customs agents for compliance with U. S. laws (including no shipment of weapons). In addition the loading and departure of all such flights was monitored by NHAO officials or their designees. In no case was there ever any intention to ship weapons, nor any evidence that weapons were unlawfully introduced onto these flights.

Flights within Central America: NHAO paid for the transport within Central America of two categories of supplies:

1. Supplies procured in the U. S.: these were initially delivered to rear-area bases and then transshipped in smaller quantitites to several forward areas.

2. Supplies procured in Central America: these were similarly moved from the point of procurement to the forward areas.

Distribution was accomplished primarily by NHAO contracts with local surface and air carriers, though for a limited period of time two U. S. carriers were also used. The resistance movement itself was able to move some supplies on the few operational vehicles and aircraft in its possession, but NHAO did not compensate the resistance for any costs incurred, in part because these shipments were always mixed loads and difficult to monitor.

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Because of the stringent requirements set forth in the policy guidance, NHAO decided essentially to pursue a policy of avoiding mixed loads. This was feasible because the quantity of non-lethal supplies needing to be transported, and the desperate need of the resistance for these supplies, made it possible and reasonable to completely fill the contracted capacity of trucks and aircraft with exclusively non-lethal loads.

All NHAO grants specifically included the language contained in the policy guidance concerning mixed loads. In addition, the policy was repeatedly briefed to the resistance movement's logistics staff.

Compliance with this policy was monitored by U. S. intelligence agencies in Central America, and their findings were duly reported to Washington. These reports were reasonably complete and comprehensive with respect to air transport, less so with respect to trucks, due to the nature of the two modes (large, infrequent loads were easier to keep tabs on than small, frequent loads).

Two examples will demonstrate the effectiveness of the monitoring system:

1. The system reported that an NHAO-chartered L-100 aircraft arrived at a Central American base on February 19 with a cargo of 47,736 lbs. of supplies purchased by NHAO in the U. S. Prior to departure the following day, 3,168 lbs. of grenades belonging to the resistance (representing 7% of the total load) were added to the cargo before the entire load was flown onward to a forward area. To the best of its knowledge, this was the only occasion on which NHAO paid for a mixed load.

2. A second L-100 flight on February 20 from the same intermediate point of departure to the same destination contained a cargo half consisting of lethal supplies belonging to the resistance. On February 25, intelligence sources informed NHAO that cargo handlers had erred in utilizing unused capacity on the NHAO-chartered flight to add the lethal material. Because the mixed load policy had clearly been violated, NHAO refused to pay the carrier for this flight.

This monitoring system was important to NHAO because it also monitored and reported on movements and deliveries that were not funded by NHAO, thus making it possible for NHAO to distinguish clearly between its own charters and those funded

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by the resistance movement itself. The situation could otherwise have proved confusing, because the resistance independently contracted with carriers also used by NHAO. This "dual use" of the same carrier did create confusion among journalists, who interviewed flight crew members that were uninformed as to who was peying for which flights. Sometimes these crews handled exclusively humanitarian supplies and sometimes mixed loads, and some crew members wrongly assumed -- and so informed journalists -- that NHAO paid for both. (However, one journalist reported that a crew member told him that NHAO supplies shipped from the U. S. were fully off-loaded before the aircraft was subsequently utilized to carry mixed loads.)

In fact, only the carrier's management and resistance officials would have known the identity of the contracting party for every separate flight.

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[illegible]	[illegible]	Destination	Return To	Contractor	Aircraft Type
10/08/85	New Orleans	[redacted]	New Orleans	[redacted]	DC-6
10/10/85	New Orleans		Miami		DC-6 (1)
10/26/85	Miami		New Orleans		DC-6 (2)
11/05/85	New Orleans		Miami		DC-6 (3)
01/13/86	Gulfport, MI		Miami		L-100 (4)
01/17/86	Miami		Miami		L-100
02/06/86	Miami		Miami		DC-4 (5)
02/19/86	New Orleans		Miami		L-100
02/26/86	New Orleans		New Orleans		L-100
03/01/86	Dulles		New Orleans		L-100
03/02/86	New Orleans		Miami		L-100
03/03/86	New Orleans		New Orleans		L-100
03/04/86	New Orleans		Dulles		L-100
03/04/86	Miami		Miami		DC-4 (6)
03/05/86	Dulles		Miami		L-100
03/07/86	Dulles		Miami		L-100
03/08/86	New Orleans		Miami		L-100
03/10/86	Dulles		Miami		L-100
03/13/86	Dulles		Miami		L-100
03/25/86	Dulles		Miami		L-100
03/27/86	Dulles		Miami		L-100
04/02/86	New Orleans		Miami		L-100
04/09/86	Miami		Miami		DC-4 (7)
04/09/86	New Orleans		Miami		L-100
04/25/86	Miami		Miami		DC-4 (8)
05/05/86	New Orleans		El Paso		L-100
05/22/86	Miami		Miami		L-100 (9)
05/23/86	Miami		El Paso		L-100
06/20/86	Miami		Miami		L-100
06/29/86	Miami		New Orleans		L-100
06/30/86	New Orleans		New Orleans		L-100

(1) NHAO [illegible] goods to U.S.

(3) [redacted] flight [illegible]ted goods to [redacted]

(4) Butler Buildings

(5 -8) NHAO records do not reflect the precise result of each of these flights. It is understood that some of these flights did not reach the 'drop zone', either for mechanical, technical, or weather reasons.

(9) Not paid for [illegible]

N.B.
Duemling gave one copy of this to Mr. Latimer of HPSCI Staff on Oct. 21, 1986, cautioning him about its sensitivity.

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by B. Reger, National Security Council

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SECRET

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[redacted]

S 4432

[redacted]

NC Date

[illegible] [illegible] [illegible] - ALF

- Thanked him for proposal (letter of 9/27)
- Saw no specific role for him yet - none on the "Project Hope" project.
- But hope to find something & will be in touch. D 10/2

cc to FBI 4/10/87

Rob Owen 9/18 (office [illegible]

Own consulting company on Central America

Worked for Sen Dan Quay

Knows Calero, Cruz Rob

knows Ollie North (

(secrecy)

Escorted Rep Cheney to Cnt. America.

No connection w C.I.A. or DOD

Background

Rhode Island native

Stanford '76

Refugee program [illegible]

Worked for Rep [illegible]

Quayle.

Gray & Co

Fluent Spanish - [illegible]

"Believer in the cause"

5236

Released on 1/25/88

[illegible] of E.O. 12356

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EXHIBIT
Owen-[illegible]
5
8/20/87

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[redacted] Equal time spent in [redacted]

Accompanied Cruz, Calero & Rebelo in calls on Congress.

Surveyed needs in the area when gov't aid shut down.

Knows Singlaub -

[redacted] [redacted]

Could best be used on a project basis.

Can work any way I want - perhaps project basis.

[redacted]

[redacted]

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3/ Peroration

[redacted] • Discreet
Can work ū [redacted]
[redacted] etc.
Can do low profile.
Serve President's policy

[redacted]

[redacted]

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TOP UNCLASSIFIED CODEWORD

Stenographic Transcript of

HEARINGS

HSITS - 157 /87

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

COPY NO. 1 OF 2 COPIES

UNITED STATES SENATE

DIA MAJOR

DEPOSITION OF [redacted]

Thursday, July 2, 1987

4412

Partially Declassified/Released on 26 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Washington, D.C.

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ALDERSON REPORTING

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(202) 628-9300
20 F STREET, N.W.
WASHINGTON, D. C. 20001

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DEPOSITION OF [redacted]

Thursday, July 2, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of [redacted] called as a witness by counsel for the Select Committee, at the office of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 1:35 p.m., the witness having been duly sworn by RAYMOND R. HEER, III, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by RAYMOND R. HEER, III, and transcribed under his direction.

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APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

TIMOTHY WOODCOCK, ESQ.

HANK FLYNN

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

ROBERT GENZMAN, ESQ.

On behalf of the Central Intelligence Agency:

RHONDA M. HUGHES, ESQ.

On behalf of the Defense Intelligence Agency:

BILL ALLARD

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WITNESS	EXAMINATION ON BEHALF OF SENATE	EXAMINATION ON BEHALF OF HOUSE
[redacted]		
By Mr. Woodcock	4	
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EXHIBITS

[redacted] EXHIBIT NUMBER	FOR IDENTIFICATION
1	85
2	107
3	135

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PROCEEDINGS

Whereupon,

[redacted]

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. WOODCOCK:

Q Major [redacted] would you state your name for the record, please?

A [redacted]

Q Major [redacted] I'm Tim Woodcock and I'm Associate Counsel for the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. This is a deposition held under the auspices of the Senate Committee. It is also held under the auspices of the House Committee on the Iran-Contra Investigation. Robert Genzman of that Committee is here and representing that Committee.

Accordingly, this is an official inquiry of these two Committees, and the information that you impart to these Committees may well be useful in the investigations under their enabling resolutions.

Let me begin by briefly going over your background. First let me state for the record we have

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interviewed you before; is that not correct?

A That is correct.

[redacted]

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Para's 6 and 7

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[redacted]

Q Now during this period of time, say beginning in June of 1985, did you occasionally attend meetings of the Hostage Locating Task Force?

A Correct -- sporadically in the beginning. I believe they met once every two weeks or once a month.

Q What did you understand the Hostage Locating Task Force to be?

A It was a clearing house for intelligence between a number of agencies -- DIA, CIA, State, and DEA, the Drug Enforcement Agency.

Q The FBI?

A The FBI as well. Excuse me.

[redacted]

Pages 9 through 13

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[redacted]

Q Let me back up in time here a bit, Major [redacted] if I might. From June of 1985, when you were working with [redacted], I gather he would use you as a resource from time to time at his Hostage Locating Task Force meetings; is that correct?

A Yes, correct. [redacted]

Q Now did there come a time when you began to attend these Hostage Locating Task Force meetings with any regularity?

A In the September-October time frame I believe I was attending them with some regularity. [redacted] in fact I began to attend them with regularity, I believe, in about November.

Q Now in attending these meetings did you reach a point where you became at all frustrated with the Hostage Locating Task Force?

A Yes.

Q When would you think that feeling developed?

A Towards the end of November, the beginning of December. I felt that it had ceased to function as it was designed. The various agencies that were attending always seemed to be less knowledgeable in fact than they should have been. In other words, there was information that was available at the TS level that they didn't seem concerned with, and I would bring it to their attention [redacted] And it didn't seem to have as much a sense of urgency.

MR. GENZMAN: Did you say information at the TS level?

THE WITNESS: Yes, at Top Secret. At the Top

Secret or Top Secret/Codeword level. There would be bits and pieces that I would bring in and would say well, I've seen a CIA report that says such and such. What does CIA think? Oh, that's a good and valid report. And I was not rude enough to question why didn't you bring it up at this meeting. But I just thought that the group should be more forthcoming as a clearing house.

BY MR. WOODCOCK: (Resuming)

Q Now some of the people who were attending these meetings, let me suggest some names and see if you can add to them. Would [redacted] be one of them?

A Yes.

Q [redacted]

A Yes, occasionally.

Q [redacted] was a representative of CIA; is that correct?

A Correct.

Q And [redacted] was a DOD or DIA rep?

A [redacted] was a CIA/DO rep -- Directorate of Operations.

Q Did he have a relationship to the Department of Defense?

A Not that I'm aware of.

Q And Abraham Azzam?

A Was representative of DEA, the Drug

Enforcement Agency.

Q And James Wallace, did James Wallace represent the FBI?

A Yes, he did.

Q Now did a Colonel Porter represent the Department of State?

A Either Colonel Porter or a representative from his office was generally in attendance at the meetings.

Q His office, would that have been Ambassador Oakley's; is that correct?

A That is correct.

Q Do you recall what Colonel Porter's first name was?

A No. I'm sorry, I don't. I don't generally call Colonels by their first name.

Q "Colonel" suffices; is that correct?

A Yes, sir.

[redacted]

Pages 18 through 22
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[redacted]

Q Now, returning to the latter part of the fall, 1985, and your experience with the Hostage Locating Task Force, do you recall during that period of time expressing your frustration with the Hostage Locating Task Force to a Captain in the White House Situation Room?

A Yes.

Q Do you recall who that was?

A Kevin Willey, I believe.

Q What was the upshot of your conversation with Captain Willey?

A Well, he said that Ollie North is the guy that really counts on the hostages. He's the guy who is really the mover and the shaker, and if I wanted to make contact with somebody that was working on that problem that it should be Colonel North.

Q Now let me ask you how did it happen that you were speaking to Captain Willey?

A I had had a long relationship dealing with him on intelligence matters. The White House Situation Room would call up and ask for background on a very informal basis. They would take products of intelligence from DIA and CIA and wrap them together for briefing books for the White House and sometimes they would question or request some additional background on why something was important.

And over a long period of time we developed a relationship with individual analysts.

Q And you developed such a relationship with Captain Willey, I gather.

A Yes.

Q What branch of the service was he in?

A Air Force.

Q Did Captain Willey, having detected your frustration, encourage you to go see Oliver North?

A Or to call him. He gave me his telephone number. I declined it, however, at that time.

Q Did there come a point when you did take him up on his offer to get in touch with Oliver North?

A Yes. It was in mid-December.

Q How did that contact occur?

A I called Colonel North and expressed my frustration and said I didn't believe the Hostage Location Task Force was functioning in a true and correct mode, and he agreed and forthwith invited me to a meeting which was going to be held at the Old Executive Office Building.

MR. GENZMAN: Can I interject? Where you specific as to your frustrations?

THE WITNESS: I was specific in that I said that the Hostage Locating Task Force was not functioning as it had been designed, as a clearing house, and he agreed and had indicated that there was a new task force to be formed.

BY MR. WOODCOCK: (Resuming)

Q To the best of your recollection this was in approximately mid-December; is that right?

A Yes, sir.

Q Now he invited you to a meeting. Did you then go to the meeting?

A At that time I contacted the Chairman of the Joint Chiefs to make sure that I had permission to attend such a meeting, and was given permission to attend. I also requested permission from DIA in that it was over at the White House.

Q When you went to the meeting, did you go by yourself?

A No. I took [redacted] with me from the terrorism section or the counterterrorism section of DIA.

Q Did Lieutenant Colonel North know in advance that [redacted] was coming?

A Not during the phone call. However, I did call back to his office to ask permission for him to attend and got permission from the JCS and DIA for him to attend.

Q Now the meeting that you attended, do you recall the date?

A I believe it was just before Christmas.

Q At our last meeting you thought it might have been December 23. Does that sound like the right date, or could it be the right date?

A To the best of my recollection, yes, sir.

Q When you arrived at the meeting, who do you recall was there?

A Two representatives from DIA, Mr. Charles Allen from CIA. I believe there were [redacted] [redacted] Colonel North, and I don't remember all of the other parties at this time who were there.

Q Do you know whether State was represented?

A I believe there might have been somebody. Yes, I believe there was somebody there from Ambassador Oakley's office. I think it was his deputy.

Q Who would that have been at the time; do you recall?

A His name escapes me.

Q Do you recall either DEA or FBI being represented at this meeting?

A I believe there was a representative from FBI; I think Jim Wells or an associate of his was there.

Q Now I gather that many of these people you had never seen before; is that correct?

A That is correct. Many of the faces were new and that is why I would not have recognized them at the time.

Q In fact, many of those faces you never saw again; is that true?

A Some of them I did. Mr. Allen I saw frequently. Colonel North I saw frequently.

Q Now at this meeting what was the topic?

A The topic was the formation of a new Hostage Location Task Force under the auspices of CIA, Mr. Allen specifically.

Q Do you recall whether there were any representatives from the Directorate of Operations at CIA at this meeting?

A I believe there was at least one. I'm not sure. I really can't say. To be quite specific, I don't remember seeing anybody from the DO there.

Q Would that have been representation that you would have hoped for in this group?

A I would have thought it had been strange if there hadn't been somebody from the DO there.

Q Is that because you had hoped this group might take on some operational activity?

A No. But intelligence, for intelligence to be valuable and for intelligence to be collected in a meaningful manner it is important that the operations people know what it is you are looking for.

Q Now were you called upon in the course of this meeting to put forward your own views of the state of hostage location rescue efforts?

A Yes.

Q How did that come about?

A I believe it was Colonel North who turned to me and said, well, Major [redacted] what do you have to say. And I made a brief statement that I was not a diplomat, that I was not a statesman, that I was a soldier and that I was working on a mission which was, hopefully, to see the hostages freed in the Middle East by the gathering of intelligence to locate those hostages and that heretofore I didn't think it had been a very well coordinated effort.

Q Did you bring to the attention of the group gathered there any feeling on your part that the government had not even properly explored the range of options that might be available for hostage location and rescue?

A Yes.

Q Do you recall what the reaction was to your presentation?

A There was general agreement.

Q Now do you recall any other persons taking the floor and making remarks on the subject?

A Yes. Colonel North made some remarks about hostages being traded for HAWKs.

Q And when you say HAWKs you mean HAWK missiles; is that correct?

A Yes, HAWK anti-aircraft missiles.

Q How did those remarks suddenly -- or, should I say, how did those remarks come to be made?

A To the best of my recollection, he made a remark to the effect that something about even if the last hostage that came out was traded for 80 HAWK missiles, a remark in passing which somewhat shocked me.

Q Let me see if I understand. The remark that he made was even if the last hostage was released in exchange for 80 HAWK missiles; is that correct?

A Or words to that effect.

Q Did he complete the thought?

A I don't remember the exact context. It was just used in -- he was not referring to future trades of that sort. He made mention of the fact that the last had been traded for missiles, a fact that I was unaware of.

MR. GENZMAN: When he said "last" you thought he meant the most recent hostage that had been returned?

THE WITNESS: Yes, sir.

BY MR. WOODCOCK: (Resuming)

Q Do you recall whether he identified it or just identified it as the last hostage?

A I think it was just left as the last hostage or the most recent release or words to that effect.

Q Now do you recall what the reaction was to this idea of Colonel North's?

A Dead silence.

Q Do you recall whether this remark of Colonel North's recalled to your mind anything [redacted]

A Yes.

Q How was that?

A There was a press piece, a FIBIS piece -- Foreign Information Broadcast translation of an Iranian editorial which made mention of trading U.S. arms for hostages in Lebanon. And I mentioned -- after I recovered from the initial shock, I mentioned to Colonel North that I had seen a piece in the press.

Q Did you do that in front of the rest of the group?

A Yes.

Q Did you identify that it was an Iranian editorial?

A Yes.

Q Do you recall what Colonel North's reaction was to your revelation that this editorial had come into being?

A He was -- he seemed somewhat surprised. He said, I hadn't heard that or heard of it.

MR. GENZMAN: What led you to make this comment about this piece of information from your file?

THE WITNESS: Because there were some other pieces in the editorial which bore some substance to the type of group that was holding the hostages. I did not consider the trading arms for hostages, is not a piece of information, intelligence information. I had totally disregarded it. But in reading through it I had read that and disregarded that.

But as I recollected, based upon Colonel North's statement, perhaps it had been a very in-depth piece, a factually correct piece.

MR. GENZMAN: Was there discussion about secrecy that led you to make this comment about a news report such as this?

THE WITNESS: Discussion where?

MR. GENZMAN: At the time that you made this comment.

THE WITNESS: There was no discussion of secrecy -- at the meeting at the Old Executive Office Building?

MR. GENZMAN: Yes.

THE WITNESS: There was no discussion of secrecy. Obviously we were all cleared for high level Top Secret/Codeword intelligence as group members, but the specific reference to secrecy and the level of sensitiveness of this intelligence was not discussed that I remember.

BY MR. WOODCOCK: (Resuming)

Q I think what Mr. Genzman is driving at is, as Colonel North made this remark about HAWKs being involved in freeing the last hostage and you then bring up the subject of this editorial [redacted] what was it that prompted you to do that?

A Simply the fact that I had remembered that it had been an unclassified press piece and that this was surprising to me and I wondered if he had seen that, just to let him know that this was in fact at least in unclassified realm, even if I had disregarded it at the time.

Q When you say you disregarded it, do you mean you disbelieved that portion of the editorial that asserted there had been an arms-for-hostage trade; is that right?

A Completely. I didn't believe the U.S. Government would be involved in anything like that.

MR. GENZMAN: Did Colonel North express any concern about operational security?

THE WITNESS: I don't recollect that he did at this meeting. Later I was briefed or extensively reminded of the sensitiveness of the caveats that we had.

BY MR. WOODCOCK: (Resuming)

Q Did anyone either then or thereafter comment on Colonel North's comment about the 80 HAWK missiles and hostages or your rejoinder referring to the Iranian editorial?

A Do you mean the same day as the meeting?

Q Either at the meeting or thereafter -- any time.

A Yes. I believe Mr. Allen made a remark about "Ollie talking too much at these meetings", or words to that effect.

Q That was not at the meeting, however; is that correct?

A It might have been just after the meeting or later. I believe it was later, at some later date.

Q Did anyone at the meeting comment on this exchange, Lieutenant Colonel North's remark and your rejoinder?

A What are you specifically referring to?

Q I'm simply trying to determine whether this exchange generated any further comment or whether it occurred in an isolated context where North makes a remark, you answer, and then it's on to other things. In other words, did it become a matter for discussion?

A It did not become a matter for discussion. That seemed to be something that people were either unaware of or were not willing to make a great deal of comment on. There was some silence after my remark about the Iranian editorial, and I believe we moved on to other subjects, to the best of my recollection.

Q Now did you understand while you were at this meeting that you were a candidate for membership in the CIA Hostage Location Task Force?

A Prior to my arrival at the meeting, no. Once I was there I was volunteered as a representative.

Q You were volunteered by whom?

A I believe Colonel North or Mr. Allen made some remark that he would accept me as his team leader or chief of staff, organizer, et cetera.

Q Did you know Mr. Allen before this meeting?

A No, sir. I had heard his name, but I had not met him.

Q Did you have any idea how it was that you suddenly came into this position?

A Mentioning my background as having worked upon investigating the hostages since June, I gave him a brief summary of my background in terms of that, and I believe that Mr. Allen or Colonel North -- I'm not sure who -- made the remark, well, you're my man or you're the guy I've been looking for, or words to that effect.

Q Did this meeting on the 23rd, then, include a discussion of the broad range of options that might be used in hostage location and rescue efforts?

A Yes. I think I made mention of the fact -- and perhaps Colonel North reiterated -- that one of the

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things that should be done is to look at a broader range of options [redacted] the full range of options that could be available to free these hostages. I believe Colonel North made mention of the fact that he was asked on a regular basis was there anything new on the hostages, and he felt this way that a fuller range of options should be stated.

Q Did he tell you where these questions were coming from?

A At one time, I believe in the March or April time frame, he sent a PROF note or a computer note to Mr. Allen that said the President of the United States regularly asks me, three times a week, about the status of the hostages. Is there anything new? But Colonel North seemed to exaggerate his relationship as well.

Q With the President?

A Yes.

Q Was that a PROF note that you saw at the time?

A I'm not sure if it was a PROFs note or there was a [redacted] message. I'm not sure what the name -- it's a counterterrorism linkup between DOD, CIA, I believe State, and us. It might be called [redacted] I forget the exact title of it.

Q That was an interagency emergency

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communication network?

A It is a functioning network. It's not an emergency network. It is a computer link, a secure computer link, and I believe he sent it to Mr. Allen, who showed me a copy.

Q I gather it doesn't generate hard copy, does it?

A Yes, it generates a paper copy.

Q I gather, then, it was your recollection that this particular communication that you saw referring to the President's constant inquiry was one that you saw at the time; is that right?

A Yes, sir -- at the time being approximately, I believe, March.

Q March of 1986?

A Yes, sir.

Q Now, Major, I gather that during this meeting you learned for the first time that you might have a role in this Hostage Location Task Force of the CIA?

A Yes, sir.

Q And what did you do following the conclusion of the meeting, armed with this knowledge that you might have a brand-new assignment?

A I believe I went back to the Pentagon and discussed it with my section chief, and I believe made mention of it to the Executive Assistant to Lieutenant General Moellering, Colonel Stamey at the time, and the attitude was, well, if Colonel North wants you, Colonel North gets you. It did not seem to me to be a choice in which I had much say.

Q So when did you effectively join the CIA Hostage Location Task Force?

A I believe the first day I reported was the 27th of December. It was right after Christmas. I asked Mr. Allen if I could take Christmas Eve off, and he somewhat hesitantly agreed, I believe.

Q But he did agree?

A Yes, sir.

Q Now when you arrived at your new position I gather you were physically located at CIA headquarters at Langley, Virginia; is that correct?

A Yes, sir.

Q Where did you go to report for work?

A I initially worked out of Mr. Allen's office, the NIO for Counterterrorism.

Q When you say NIO, that's National Intelligence Officer?

A Yes, sir.

Q That office is located [redacted] the CIA headquarter building; is that correct?

A Correct.

Q Was the office prepared to receive you physically?

A No.

Q Was there a period of time when you sought out such fundamentals as secretaries and phones and desk and so forth?

A And an office, yes, and safes and a secure area, yes.

Q Where did you ultimately end up?

A I believe in the end of January-February time frame we occupied the spaces [redacted] the old spaces of the Office of General Counsel, who had recently departed to a new building.

Q And that is where you finally resided; is that correct?

A Yes, sir.

[redacted]

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[redacted]

Q Do you recall who the DEA point of contact was?

A That leads into a discussion of DEA's role, which we will get into shortly, I'm sure, in terms of the meeting with the two DEA agents.

Q Let me ask you, however, just to isolate on this particular portion of your experience, if you can recall who the DEA contact was. If that is several identities, then we can reserve it for later.

A To the best of my recollection, while we had a formal relationship with Mr. Azzam --

Q That is Abraham Azzam?

A Abraham Azzam, I believe at Colonel North's direction we were told that there were two DEA agents that would be most useful to our efforts and we were to use them as points of contact for this special effort. So while we had a formal relationship with Mr. Azzam and he may have in fact been a member, there were two other DEA agents who we were specifically told to contact.

Q In regards to a particular initiative?

A In regards to the sensitive initiatives in regards to the hostages in terms of intelligence, that these had been specially designated by Mr. North, Colonel North, to be points of contact for special initiatives or special projects.

Q And was that any special project relating to hostages?

A Yes. The impression I had was that Mr. Azzam was out of the knowledgeable realm in terms of the special projects. I believe I was told that he was not to know or was not cleared, or words to that effect.

Q I gather also from what you're saying that in addition to him not being cleared and not being a point of contact for DEA that these other two agents were considered to be the contact for DEA.

A While Mr. Azzam, Abraham Azzam, was our official contact or conduit to DEA for formal requests and whatnot, we were directed by Colonel North to get together with these two DEA agents and to do that fairly quickly. And I believe we met with them at the end of December.

Q Right. And we will get into that in a minute. But what I'm trying to focus on here is whether Colonel North represented that contact with these agents would stand in lieu of contact with Mr. Azzam for purposes of [redacted]'s representation on the Hostage Location Task Force [redacted]A.

A No. It was not to be construed that they would represent DEA in a formal sense, simply that they were very useful contacts for sources, intelligence, and special projects. They had been specially designated by Colonel North to get with them and find out what they

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knew and use them as resources or special resources from DEA.

Q I gather that other than Mr. Azzam and these two other DEA agents that there were no other DEA representatives who were brought into the Hostage Location Task Force of CIA.

A No, not that I can remember.

Q So I gather that to a certain extent failing to advise Mr. Azzam was in effect failing to advise DEA as an entity; is that correct?

A I believe Colonel North stated -- in fact, he had made arrangements with the Department of Justice to have these two individuals specially designated as special resources. I believe he made mention of that or Mr. Allen made mention of that to me sometime in January. I tended to disbelieve that they had been designated in a formal sense because they seemed to have their own regular jobs and did not seem to be tasked to work on a special project.

Q What I'm really driving at here is these two agents could be seen in one of two capacities. They could be seen as support for the Hostage Location Task Force or they could be seen as simple representatives bringing information back from the Hostage Location Task Force to DEA.

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A I don't see the distinction.

Q Well, let me draw the distinction and see if this helps you. If they are support for DEA, then they may be operationally involved. They may go and do things for the Hostage Location Task Force, whereas in another, if they are simply representatives, then they would be taking information either to or from DEA to the Hostage Location Task Force but would not necessarily be otherwise a resource for the Hostage Location Task Force.

A They were not so much a resource or a point of contact or in a support mode for the Hostage Location Task Force as they were a special resource for an arm of Colonel North's. He used them and he dealt with them and we were encouraged to get in contact with them to glean additional intelligence from them that he felt was useful.

Q Did you understand from Colonel North that part of their duty was to keep DEA fully informed of the efforts of the Hostage Location Task Force?

A No.

Q Now let me return just a moment to Mr. Azzam. You testified earlier that you were made aware that Mr. Azzam was not to be informed on many things because he had not been cleared; is that correct?

A No. He was cleared for the compartmented information and referenced some of the reports. However, I was, I believe, advised by Mr. Allen and Colonel North that in terms of [redacted] and [redacted] -- who I will refer to as the two DEA agents -- I was not to discuss their role with Mr. Azzam, Abe Azzam.

MR. GENZMAN: Did either of them say why you were not to have much contact with Mr. Azzam?

THE WITNESS: Those two DEA agents were under the impression that Mr. Azzam had been once a very active field agent but was now very much in a slow retirement type of mode, and it was not entirely suitable for this action-oriented role.

BY MR. WOODCOCK: (Resuming)

Q Now the two agents who you've now referred to by name as [redacted] and [redacted] is that [redacted] and [redacted]

A Yes, sir.

Q Your testimony today, to the extent it has referred to the two DEA agents as a tandem is a reference to [redacted] and [redacted] is that correct?

A Yes, sir.

MR. WOODCOCK: Let's go off the record a second.

(A discussion was held off the record.)

(A brief recess was taken.)

MR. WOODCOCK: Let's go back on the record.

MR. GENZMAN: Did you find it unusual that it was your understanding that [redacted] and [redacted] were not reporting up the chain to Azzam?

THE WITNESS: Somewhat, yes. Once I met the individuals I perhaps understood a little bit better why they were not reporting through Mr. Azzam.

MR. GENZMAN: And what was your understanding at that point?

THE WITNESS: That they were special field agents detailed by Colonel North to work, to assist him in this problem, that they had been of assistance to him in the past.

MR. GENZMAN: Thank you.

BY MR. WOODCOCK: (Resuming)

Q We're going to return to [redacted] [redacted] before the day closes, Major [redacted] but let me ask you, if I might, if you could describe, after coming to the CIA Hostage Location Task Force, what the responsibility of the Hostage Location Task Force was. What was its function?

A The function of the task force was to analyze intelligence of the location of the U.S. hostages [redacted]

[redacted]

Q Now the dissemination of analysis of the information relating to the hostages, how frequently did that occur? Let me first say did your analysis result in a final product that you then disseminated?

A Yes, sir.

Q What form did that take?

A It was a report which was written once a week, generally on a Friday, and I believe the first one started on January 3.

Q So at the end of the first week you were there; is that right?

A Yes, sir.

[redacted]

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[redacted]

Q Now, you mentioned that Colonel North spoke to you at times about the State Department. Did you ever learn from Colonel North that he was concerned about sharing hostage information with the State Department?

A Yes, sir.

Q Did he express to you what it was that he was concerned about?

A At one point I had mentioned to Mr. Allen that I had been in contact with an individual at the State Department [redacted]

Q That was [redacted] is that correct?

A Yes, sir. And I was specifically directed, during that telephone call on a secure line with Colonel North, that I was not to discuss anything [redacted] of any nature that was operational in any way, shape or form, and I assured Colonel North that I had not shared any intelligence with him but was simply maintaining contact [redacted]

Q Let me back over this territory. I gather that your contact [redacted] was first made known to Mr. Allen and that you then received a phone call from Colonel North; is that correct?

A I'm not sure it was Colonel North calling me or I called him to brief him on another subject, and he reminded me of the security caution at that time. But I do remember a phone call where he warned me to specifically be very careful.

Q Did he learn of your contact [redacted] through you or through Mr. Allen?

A I believe it was through Mr. Allen.

Q Did Mr. Allen ever join in Colonel North's concern about the State Department on operational matters?

A Yes, sir. I was told to be very careful in my dealings with the State Department and don't discuss many

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of these subjects that we discussed regularly [redacted]

Q [redacted] or anyone else in the State Department? Was it the State Department or [redacted] that was the problem?

A This specific instance was [redacted] but at another time Colonel North made comments about the State Department not being involved operationally, or words to that effect.

Q That he did not want the State Department involved operationally?

A Yes, sir.

Q Now, did that more general statement about not wanting the State Department involved operationally also come from Mr. Allen, or is this just Colonel North?

A It was my impression that Mr. Allen reemphasized this to me, that it was based upon Colonel North's concern.

Q So it was not a position that Mr. Allen necessarily generated himself, but he was enforcing the view of Colonel North; is that correct?

A Yes, sir.

Q Do you recall shortly after your location with the Hostage Location Task Force at CIA Mr. Allen briefing

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you on the arms-for-hostages initiative?

A Yes, sir.

Q How did that come about?

A He told me that it was very sensitive information and I was not to discuss it with anybody at the Pentagon.

Q Let me stop you here. Did he know that you already were aware of this, or was this simply in the context of Mr. North's earlier remark at the formative meeting of the Hostage Location Task Force?

A He mentioned that Colonel North often talked out of school, I believe was the comment, and that he specifically then mentioned that any discussion of arms for hostages was to be treated as a very, very sensitive matter -- very close hold was the phrase he used -- and that I was not to discuss it with anyone without his permission. And that was to include anybody at the Pentagon or anyone within CIA.

Q Now, when he said that Colonel North spoke out of school, I gather he was referring to the earlier remark on December 23; is that correct?

A Yes, sir.

Q Now, did he also at this time advise you that there were in fact arms-for-hostages initiatives, one or more, under way?

A No, sir.

Q Or just that the topic was a topic to be treated with great sensitivity?

A He noted that the topic was a topic to be treated with great sensitivity.

Q Did you, while you were with the Hostage Location Task Force, become aware of what might I guess be termed a sub-compartment within the Hostage Location Task Force [redacted]

A Yes, sir. [redacted]

[redacted]

Q Now in that position I gather you did come across [redacted] information. How did that happen?

A I was informed by Mr. Allen that there was a separate channel [redacted] [redacted] which was sensitive, and while initially I had some knowledge of it, it was to be sub-compartmented [redacted]

Q Was the term [redacted] used at that time?

A Yes, sir.

Q Did you, throughout the course of your tenure with the Hostage Location Task Force with CIA, gain any more substantive knowledge of what [redacted] comprised?

A I learned that it was a back channel initiative. [redacted] [redacted] And I learned through my tenure up till about March, the March-April time frame, that it apparently involved arms-for-hostages.

Q Do you recall [redacted] who was primarily working with Mr. Allen on this channel?

A There was a Mr. Cave, I believe, who was also working with Mr. Allen.

Q And Mr. Cave appeared approximately March, early March, of '86?

A Approximately that time.

Q Now you and [redacted] were nearly seat-mates; is that correct?

A Yes, sir.

Q And I gather you would have picked up some information, perhaps even through inadvertence, from [redacted] [redacted] just by being so close to him; is that correct?

A Yes, sir.

[redacted]

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[redacted]

MR. WOODCOCK: Let me go off the record just a second.

(A discussion was held off the record.)

MR. WOODCOCK: Back on the record.

BY MR. WOODCOCK: (Resuming)

Q Do you recall in either the end of February or early March having a conversation with [redacted] about there being an arms-for-hostages deal under way?

A I mentioned in my study of the options -- I was working on an options paper, and I mentioned one of the things that had been discussed or had taken place in the past was the arms-for-hostage, and I mentioned some disgust at it, and [redacted] agreed that it was bad business and mentioned that, very secretively, that it was not apparently a dead issue, and by that I assumed that he meant that there were still some efforts under way in that regard.

Q In other words, you inferred from his statement that it not being dead necessarily implied it was alive?

A Yes, sir.

Q Do you recall, again perhaps in the February time frame, traveling yourself to London to meet with an individual by the name of Amiram Nir?

A Yes, sir.

[redacted]

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[redacted]

Q Now was I right when I asked you originally whether this request occurred in the February time frame? What is your recollection of the appropriate time?

A I believe it was the February-March time frame. It was early spring. It was damp and rainy.

Q Now I gather having worked on these [redacted] -- and I gather that was at Mr. Allen's request; is that right?

A Yes, sir, and at Colonel North's request.

Q You were aware that Colonel North made the request, or did you face to face or over the phone get a request from him on that?

A I spoke to Fawn Hall and got specific directions from her as to how I was to meet and greet Mr. Nir and therefore I knew that it was in fact being directed from Colonel North's office.

Q And I gather you understood that Mr. Nir was a representative of the Israeli government; is that correct?

A Yes, sir. He was the special advisor to the President on counterterrorism.

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Q Now did you learn that from Mr. Allen or Miss Hall or Colonel North, or all three?

A From Mr. Allen.

Q Now, I gather that you then did travel to, was it, London, England to meet Mr. Nir?

A Yes, sir.

Q When you arrived there you did in fact meet him; is that correct?

A Yes, sir.

Q And he had a codeword greeting; is that correct?

A Yes, sir. I believe the phrase was I was to say to him words to the effect, I'm the man from Mr. Goode, and apparently Mr. Goode was Colonel North's phrase name or code name, and he had some appropriate reply, and then we recognized each other. I was also provided a description of Mr. Nir by Mr. Allen, and I believe Colonel North did describe him over the phone to me later or earlier when I got the call from Fawn Hall. He described him and I remembered the descriptions were much different.

So I was somewhat confused.

Q Did you manage to synthesize them when you saw him?

A Yes, sir.

Q When you met Mr. Nir did you have any discussion with him other than passing of these codewords?

A We passed -- we had our conversation and I gave hi[redacted] and I was -- tried to make sure that I was in fact talking to the right individual, and I mentioned the name of the Israeli attache to the United States, assistant military attache, Zur I believe his name is, and I said something -- should I get in contact with the assistant military attache, and he sort of put his hands up and said no, that is not an appropriate way to make contact, or words to that effect.

Q What was that?

A It was not an appropriate way to make contact, [redacted] reference any of these efforts. In other words, the military chain was, or contact with the Embassy was not the correct procedure, that if Mr. Allen needed to get ahold of him he was to get ahold of him. If I was to get ahold of Mr. Nir it would be through Mr. Allen and not through Colonel Zur in any way, shape or form, which confirmed for me that he was familiar with the Israeli Embassy and in fact he was an Israeli and the guy I was supposed to meet.

Q Did you have any other conversation with him?

A Specifically regarding what, sir?

Q Well, I'm asking for your best recollection. Did you talk to him about Colonel North or Mr. Allen or your responsibilities?

A Yes, sir. He asked me where I was from, I believe was the expression, and I said well, I worked for -- I was presently working for Mr. Allen, and he said are you from Ollie's office or how are you involved? And I simply said that I was military attached to Mr. Allen, associated with Colonel North. And he said, oh, or words to that effect. He was trying to pin me down to type me by whether I was part of the White House, CIA, Defense Intelligence Agency, Army, or what I was.

Q It would have taken a fair amount of peeling of the onion layers to get to the heart of that one, wouldn't it?

A Yes, sir.

Q To your knowledge, did he get to the heart of the onion by talking to you?

A No, sir. I just simply indicated that I was military and that I was working for Colonel North and that that was really all he needed to know. If he needed to get hold of me, it would be through Colonel North or through Mr. Allen, but that I was specifically working under Mr. Allen at that time.

[redacted]

[redacted]

Q And I gather at that time [redacted] made known to you that he had participated in the same kind of an exercise several months earlier; is that correct?

A Yes, sir, which apparently involved the DEA agents.

Q And when you say that, that is [redacted] and [redacted] is that right?

A Yes, sir.

Q Did you learn at that time from [redacted] that it was in fact [redacted] and [redacted] in his earlier effort? Did he identify them by name?

A I think he referred to them as "those bimbos from DEA".

Q When he referred to them in that way, what image came to your mind? Was it the image of [redacted] and [redacted]

A Yes, sir.

Q You had in fact met them by then?

A Yes, sir. I met them at the end of December at the direction of Mr. Allen, or with Mr. Allen at the direction of Colonel North. We all met.

Q Well, this is probably a good time to get into [redacted] and [redacted] and your knowledge of their efforts. I gather that, from what you have said, you first met [redacted] and [redacted] in late December or early January of 1985-1986; is that correct?

A Yes, sir.

Q How did it come that you met them?

A Colonel North was insistent that we get together and meet with them.

Q And when you say "we", who are "we"?

A That Colonel North, Mr. Allen and I sit down in a meeting with [redacted] and [redacted] all at the same time, to discuss hostages.

Q And why was Colonel North so insistent that you sit down with these two men?

A Because he felt that these two individuals had resources and sources in the area which could be useful.

Q Now, was this something he told you or you learned this from someone else?

A This was something that he told us -- that they had been very useful to him in the past and they had some information which could be useful and some sources which could be useful.

Q So did there come a point where you met [redacted] and [redacted]

A Yes, sir. We met, strangely enough, at the Old Irish Brogue Inn, or the Old Irish Pub, a bar which featured an Irish band, after work one night, about 7:30 or 8:00.

Q Now do you have a recollection as to where that was?

A Apparently it was a meeting place that Colonel

North had used before and Mr. Allen was familiar with its location. I followed him in his car. It was away from Langley and way out in the woods. It seemed to me about a 15 or 20-minute drive.

Q Beyond Langley?

A Yes, sir.

Q You don't remember what town it's in?

A No, sir.

(A discussion was held off the record.)

BY MR. WOODCOCK: (Resuming)

Q I will just summarize for the record. We went off the record briefly two, I won't say, self-described pub-crawlers have identified the gathering place as the Old Brogue Irish Inn or Irish Pub or some variation thereof, and it is in Great Falls.

Now when you say we went to this inn, that is you and Charles Allen; is that correct?

A Yes, sir. I followed Mr. Allen in his car.

Q When you arrived, this was after work, I gather, in the early evening hours; is that correct?

A Yes, sir.

Q When you arrived was Colonel North there?

A No, sir.

Q And I gather neither of you had met these men before; is that correct?

A To the best of my recollection, yes, sir.

Q So how was it that you determined who they were?

A It was, I believe, early evening, and the bar was -- the pub was fairly empty. We were to meet in the bar and Mr. Allen made mention of the fact that he had met them before, I believe. There were only two other individuals already at a table in suits, sitting there, so they were fairly easy to distinguish, and I think we walked up and asked them if they were [redacted] and [redacted] and they said yes.

And we introduced ourselves.

Q Now what was your impression upon meeting these two fellows?

A That they were -- I can only describe them as street agents. By that I mean they seemed to be street-smart but were not very knowledgeable of other Federal agencies nor outside of their own, nor knowledgeable, certainly, in any way, shape or form, about the Middle East or international relations or politics or the military. But they did have a fairly good grasp of the lower elements of human nature.

Q Would you acknowledge that you might have described these people at one point as being two street toughs in camel hair coats?

A Yes, sir.

Q Now, when you met these two men did you know--let me strike that. After you met these two people, how long did it take North to arrive?

A I believe he arrived about an hour after the prescribed meeting time, which was about normal for him.

Q North time?

A Yes, sir.

Q Were you and Mr. Allen able to engage in any substantive discussions with these people before he arrived?

A I was very hesitant to engage in substantive discussions with them because of the sensitiveness and this being an uncleared area, and I think we talked in generalities about the Middle East, and I tried to feel out and get a sense of their backgrounds. And I think I took that time to eat dinner, since we came straight from work.

Q Now when North arrived, what happened?

A We ordered a round of drinks and a second round of drinks, I believe, and very in-depth substantive discussion about very sensitive material was held, describing to [redacted] and [redacted] very much close-hold Top Secret information that the CIA and the White House were aware of regarding the hostages.

Q Now, did this appear to be new information to them?

A They appeared to be familiar with portions of it and they made reference to some of the efforts they had made with CIA previously.

Q Now, this conversation, I gather, Mr. Allen and Lieutenant Colonel North were also participating in it; isn't that correct?

A Mr. Allen and Colonel North were the primary discussers. They put out the information. I was in a learn and listen mode from them. I didn't normally discuss Top Secret/Sensitive information in a pub.

Q Well, let me ask you that question. Did your discussion of such a topic in the pub environment cause you any concern?

A Yes, sir.

Q And what was the source of that concern?

A It seemed a little unusual to be holding a meeting like this outside of a government building. If there was a proper place and time for such a meeting, it should be held in a proper environment, and this was sort of a new atmosphere to me. But it didn't feel right.

Q There came a point, I gather, in the course of this conversation when a band struck up and the conversation had to attain higher decibels in order to continue; is that correct?

A Yes, sir. We were sitting fairly close to an Irish type of band and it was -- if you were to try to effectively mask a conversation it was probably very effective. I don't think anybody could have heard us four or five feet away. Leaning over the table, it was very difficult to hear the conversation that was taking place right there.

Q So even among yourselves it was hard to hear one another; is that correct?

A Yes, sir, sometimes.

Q I can see where that might be a very effective screen.

A I became less concerned then, but I still was concerned.

Q Now I gather that the information that was being provided in this discussion was largely flowing from Mr. Allen and Colonel North and, to some extent, you to [redacted] and [redacted] and not the other way around; is that right?

A Primarily from Mr. Allen, with Colonel North adding additional pieces and background, and I would occasionally join in and say yes, but, and clarify a point. [redacted] and [redacted] were interject occasionally that they had specific knowledge or a source had told him that such and such, [redacted] Some of the information seemed rather, shall we say, odd.

Q And you would include the [redacted] story among that genre; is that correct?

A Yes, sir.

Q Was there any other information that they provided that you can recall along those lines that might have found its way into [redacted] had it appeared in paper form?

A They indicated that they had some sources [redacted] [redacted] had access to various and sundry portions of Lebanon in terms of their drug dealings, their drug dealings being their professional DEA Agency dealings with people in the Middle East. They particularly mentioned people who, [redacted] had access to some of this information, which I felt would be very unusual.

Q [redacted] would have access to the information; is that right?

A Yes, sir, [redacted]

Q Do you recall any discussion at the Old Broque from [redacted] and [redacted] about their low opinion or difficulties with the CIA desk officer?

A Yes, sir.

Q Do you recall what the character of their problem with this officer was?

A Yes. They had apparently taken a trip -- I believe it was to Europe -- earlier to meet with a [redacted] [redacted] to attempt to verify access to a hostage, Mr. Buckley, through some mode of bona fides.

Q What had [redacted] done that caused them so much concern?

A They said that he changed the rules in the middle of the game.

Q And the rules were the rules that applied to the sufficiency of the proof to demonstrate access to Mr. Buckley; is that right?

A Yes, sir. I believe that what [redacted] and [redacted] came back with [redacted] on it, and once that was provided to [redacted] he went back and said, well, now I have a list of questions for you to go back to your source, and [redacted] and [redacted] indicated that that was not possible or that the source was unavailable, that there were difficulties.

Q Did they tell them that or did they tell you that [redacted] questioned the sufficiency of the quality of the proof?

A Yes, sir. I think they said they were insulted by that. [redacted] I think, mentioned to me later on that [redacted] something wa incorrect about the proof that was provided.

Q Did they impart that information to you at this meeting?

A They indicated that he was in some way displeased with them and they indicated that they were displeased and had no intentions for future dealings with him or with the Directorate of Operations at CIA.

Q The entire Directorate was off their do list?

A As far as I was concerned from my conversation, yes. "These guys" was, I think, the way they put it.

Q "These guys" being the DO?

A Yes, "these guys from the DO".

Q At least the way you say it, it is alliterative.

(Laughter.)

[redacted]

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Q Now did there come a time when you traveled to New York to evaluate a source that had been uncovered by [redacted] and [redacted]

A Yes, sir, two sources.

Q Now let me show you what I will mark as [redacted] Exhibit Number 1.

(The document referred to was marked [redacted] Exhibit Number 1 for identification.)

I would ask you if you recognize this document, which I believe comprises four pages.

A Yes, sir, I do.

Q What is that?

A It is a memorandum for the record that I wrote on the 15th of January based upon meetings in New York on 13 and 14 January with two DEA sources. I wrote this memorandum because I was unsure of my role and I needed to have a written record of it.

Q We will get to that point in just a moment. How did it happen that you came to go to New York in the first place?

A Mr. North and Mr. Allen told me to go to New York.

Q And do you recall having separate conversations with each man with respect to this directive?

A I believe at the Old Brogue we agreed or, I should say, they agreed that I should go with [redacted] and/or [redacted] to New York in the near future to meet with their very good sources that they had on the hostages.

Q Now when you say at the Old Brogue Inn, it was only one point at which you all gathered the Old Brogue Inn; is that correct?

A Yes, sir.

Q So when you refer to that, it is always that meeting; is that correct?

A Yes, sir.

Q So at that time it was understood or at least the subject was raised of you going to New York?

A Yes, sir.

Q Now following that did you question these directives at all?

A Yes, sir.

Q How did you do that?

A I indicated to Mr. Allen that I was not an operations individual. I was an intelligence analyst.

Q And you were at the Old Brogue at this point?

A No, sir. We were back at the CIA.

Q So this was a day or so later?

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A This was between the time we met at the Brogue and the time I departed for New York, and I expressed my doubts as to whether that was a suitable role for an intelligence analyst to be in.

Q What was his reaction to that?

A Go anyway.

Q Did you raise the matter with anyone else?

A I asked him to raise it with Colonel North, but he indicated that the discussion was closed and that I would be going.

Q Did you discuss it with anyone other than Mr. Allen?

A Yes, sir. I discussed it with [redacted] I believe, and later with [redacted] and indicated that while I had knowledge and background in the Middle East this was an area that was new to me and I was on unsure ground. I didn't feel it was proper.

Q What did [redacted] tell you to do?

A They indicated that they felt I had a sufficient knowledge of the subject matter and that it was basically I needed to be very specific when I came back in terms of my feelings of whether I felt these guys

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were reliable sources, based upon my knowledge of the Middle East and based upon my knowledge of the subject at hand, which was hostages.

And they provided me with some field pointers on how to go about the establishing of a relationship, et cetera.

Q Did you question Mr. Allen at all as to why someone from the Directorate of Operations wasn't sent up to perform this evaluation?

A Yes, and he indicated that [redacted] and [redacted] [redacted] had indicated in a previous conversation at the Old Brogue Inn that they didn't trust anybody from the DO, which I remembered as being the case.

Q Now when you went to New York, what happened?

A I met with two different sources, as indicated by [redacted] Exhibit 1, and I spoke with them and discussed with [redacted] and [redacted] their background and their interest and any knowledge they might have of the hostages.

Q Now these are sources that you evaluated. One was [redacted] and the other was a [redacted] is that correct?

A Yes, sir.

Q Did you form an opinion [redacted]

[redacted]

A Yes, sir. In the report I indicate both meetings, one on 13 and one on 14 January, were attended by [redacted] and yielded little or no substantive intelligence on the hostages.

Q Did you in fact develop the opinion that perhaps this fellow was getting his intelligence from reading the newspaper?

A Yes, sir. Well, I developed an opinion that he had little knowledge of the acts, little substantive knowledge or true access [redacted] I thought he was leading us on.

MR. GENZMAN: And who is the "he" that you are referring to?

THE WITNESS: [redacted] I felt his information was not very worthwhile.

BY MR. WOODCOCK: (Resuming)

Q Did you form any opinion as to whether or not he was exaggerating his contacts?

A Yes, sir. I believe he did. I believe he had friends who had friends who had friends who had friends who might have some information on the hostages, but the connection was very tenuous at best, and it would be difficult to arrange.

Q Now you also performed [redacted] [redacted] is that right?

A Yes, sir.

Q And I think in summary your report is that he was more promising [redacted] is that correct?

A Yes, sir. [redacted]

Q Now when you went to this meeting did you go as Major [redacted]

A I was instructed by Mr. Allen and Mr. North to go as an individual who had an interest in seeing the hostages released.

Q Were you to play the role of a private citizen?

A That is how I understood my role to be, yes, sir.

Q And you then did not go dressed in uniform; is that correct?

A No, sir. I was specifically directed by Mr. Allen and Colonel North to let me hair grow long and not show up in uniform at any time during my attendance at the Hostage Location Task Force.

Q Now I gather it came to your attention at some point during the course of this meeting that at least one of the persons you were interviewing was aware that you were associated with the armed forces; is that correct?

A Yes, sir. [redacted]

Q Which was not known to these people; is that correct?

A No, sir, not at the first meeting. At the end of the first meeting [redacted] [redacted] referred to me [redacted] as Major [redacted] which surprised me because I had not told him that I was a Major and therefore I could only assume that [redacted] and [redacted] had told them that I was a Major in the U.S. armed forces.

Q Had you spoken to [redacted] and [redacted] about the guise you would use in meeting with these individuals?

A Yes. I spoke to them about it before they were there, and I believe Colonel North mentioned in fact that I would go as, when you go, you will kind of go as a private citizen, and I spoke with them before I left about my role and how I was to represent myself, which I thought I was a little uncomfortable with because I felt it was a misrepresentation.

But, in any case, I discussed it with them, and they said yeah, use a private citizen, or words to that effect. And despite the fact that I discussed that with them they apparently made the source aware.

Q Did you question them at all about the source's knowledge that you were a Major?

A Yes. I mentioned it to them back in the hotel after we left the initial meeting with the source and they agreed that yeah, they might have screwed up and might have mentioned I was a major. And I was somewhat displeased with that fact, which immediately made them aware that I was an employee of the U.S. Government and not a private citizen, as Colonel North and Mr. Allen had me present myself, and that they basically, as far as I was concerned, blew my cover. And I was displeased with this as well.

Q You in fact ended up giving some money to the second source; is that correct?

A Yes, sir. [redacted] and [redacted] had requested of Mr. Allen that $100 be made available to the second source, basically for his time and effort coming into New York City to meet with us, and I was specifically instructed to draw $100 from some CIA fund, which there was a receipt for, to give to the source for compensation for his time in coming down.

Q Now let me ask you this with respect to [redacted] Exhibit Number 1. Is there anything in that report that is inaccurate or that should be changed?

A This is a little over a year and a half from seeing this.

MS. HUGHES: Maybe you would want to take a few minutes to read the entire report to refresh your recollection.

THE WITNESS: I really don't think that is necessary. I will quickly flip through it.

MR. WOODCOCK: Why don't we go off the record while you take a look at it.

(Pause.)

MR. WOODCOCK: Let's go back on the record.

BY MR. WOODCOCK: (Resuming)

Q Major [redacted] you have had an opportunity now to read through [redacted] Exhibit Number 1. Is there anything about it that you now in hindsight find to be inaccurate or that you would like to correct?

A There is nothing specific that I see in there that I know to be factually incorrect at this time that I can remember.

[redacted]

Q Now I gather that upon returning to Washington, D. C., you wrote up this report and distributed it to Mr. Allen, among others, is that correct?

A Yes, sir.

Q Did anyone else receive it?

A Yes, sir. Being in a position of an outsider at CIA, I was a little uncomfortable with doing what I expected was Directorate of Operations job and I provided, I believe, a copy of this to the Directorate of Operations, either [redacted] or [redacted]. I believe it was [redacted] and [redacted] read it, and I also provided a copy to Duane Clarridge, Dewey Clarridge.

[redacted]

Q When you delivered the copy to [redacted] did you discuss your experience with [redacted] and [redacted]

[redacted]

A Yes, sir. I believe that is when we held our conversation about their lack of knowledge about the Middle East and I believe I became aware at that time that these were the same guys that he had dealt with, I believe, in the previous summer and had not had good results with.

Q This is the "two bimbos" conversation?

A Yes, sir.

Q That would have been, I gather, shortly after you returned from New York?

A Yes, sir.

Q Now, did you also meet with the Director of Central Intelligence shortly after your return?

A Yes, sir. I believe it was around the 20th of January Mr. Allen requested that I go in with him and brief the Director on the sources and their usefulness.

Q Was Mr. Allen of the opinion that these really might be useful sources?

A Yes, sir. He wanted to explore the possibilities.

Q What was the purpose of briefing Mr. Casey?

A To obtain funds, sir.

Q Now when you went to this briefing, who was present?

A Mr. Allen and I and Mr. Casey.

Q How did the briefing proceed?

A Mr. Allen introduced me and said this is Major [redacted]. He's the team leader of my Hostage Location Task Force, recently formed. As I previously briefed you, Colonel North has an interest in expanding sources on hostage intelligence gathering and material and he spent some time with a couple of sources in New York and he would like to tell you about them now.

And I very briefly summarized my contacts with the individuals up there and I think Mr. Casey asked me if I thought they were worthwhile, and I indicated I thought that one of them was worth pursuing. And I was asked how much money do we need, and I think Mr. Allen came up with a figure of $25,000.

Q Did you get the impression or did you get any understanding from Mr. Casey that he was familiar with the DEA agents who were involved in this matter?

A No, sir. He made very few comments during the meeting, to the best of my recollection.

Q Was it made plain to him that this was a DEA-generated effort, at least initially?

A It was made plain to him that this was something that Colonel North had an interest in and that there were two DEA agents involved at Colonel North's direction.

Q Do you recall either [redacted] or [redacted] or both of them, referring to having received fast boats from Colonel North?

A I do remember conversations held sometime during my tenure at the Hostage Location Task Force that [redacted] and [redacted] had indicated that they got some boats from Ollie.

Q Some boats from Ollie?

A Or a boat [redacted]

Q Did they tell you whether these boats were motor boats or steamers or what they were?

A No, sir.

Q Did you have any impression as to what they were?

A I believe I had the impression at one point that one of them was a fairly quick boat, but I can't tell you what I based that impression on.

[redacted]

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Q Now, Major [redacted] I believe in our last meeting you said that there was a point where Mr. Allen told you that Colonel North had once told him that the President was willing to go to Leavenworth if it was necessary to get the hostages released. Do you recall that?

A Yes, sir.

Q Do you recall what the context of that remark was, how it came up?

A I was arguing with Mr. Allen about what I call the options paper.

Q And that is the paper that you submitted to Lieutenant Colonel North on April 24, 1986; is that correct?

A Yes, sir.

Q And we will get to that in just a moment. So this discussion occurred in the context of your discussion of the options paper; is that correct?

A I believe so, sir.

Q Now when Mr. Allen made this remark to you, what did you understand him to mean by reference to Leavenworth?

A That Mr. Allen was telling me that Mr. North had told him that the President had told -- excuse me, Colonel North -- that he was willing to go to great lengths to free the American hostages.

Q Now when you --

A And I assumed by that to include activities which were illegal, which I did not believe.

Q You are aware that Leavenworth is the site of a military installation, is it not?

A Yes, sir. It sounded peculiarly military in the context and not something like the President would say.

Q Were you aware at the time that Leavenworth was also the site of a maximum security Federal correctional institution?

A Yes, sir. I'm aware now that it is. At the time, I wasn't aware of it. I assumed that because there is a military one there, I guess I assumed that it was a Federal facility, but it sounded, the way it was phrased, it sounded peculiarly military in context and it sounded not something that a civilian would say.

Q Did you take it that President Reagan would go to Leavenworth and command military forces to get the hostages out, that that was what Colonel North was trying to convey?

A I just took the sentence at face value, that the President was willing to go to Leavenworth if he had to. I think that was meant to construe activities that perhaps were not legal, and I didn't believe that the President, because of Colonel North's role in exaggerating his relationship with the President, I felt that that was probably an exaggeration as well.

Q And I gather you had had some exposure to that exaggeration by that point; is that correct?

A Yes, sir.

Q How would you characterize what Colonel North, how Colonel North would exaggerate his relationship with the President?

A I can't remember or recollect a specific thing other than the President asks me three times a week about, and I was in Colonel North's office on a number of occasions, as you have seen from his calendar, and I never saw, heard, or had any specific information about any direct contact between the President and Colonel North which was unusual, in my opinion.

Q What do you mean it was unusual?

A If there was as much a connection between Colonel North and the President as he alleged, at least during the four or five hours I spent over there at one period I would have heard "your meeting with the

President" or words to that effect come up. I never heard anything like that. I never heard that he was off meeting with the President, to call him three or four times a week, if he was available, yes, he was available or no, he is meeting with somebody from CIA [redacted] or words to that effect.

But I never heard of a meeting that he was having with the President. That is why I considered his role exaggerated. It was the sort of thing -- excuse me, I want to make a point -- it was the sort of thing that I think he would have told or made a point, if I had a meeting with the President today, I think he would have said that, and I did not hear that from him during my six or eight-month association with him.

Q In other words, you would hear some general statement about the frequency of meetings but you never heard any particular statement about a particular meeting; is that correct?

A No, sir. I never heard, other than rumor, that he had met with the President. I had heard that he was one of the individuals who was key in convincing the President to go into Grenada, but I was not aware of the specific instances. But I did not know of any meetings that he had with the President between the time I was associated with him in December of 1985 and the time that

I left that office the 24th of May, at the end of May in 1986.

I heard of no substantive contact between him and the President.

Q And I gather what he alleged during that time was the general frequency of meetings other than a reference to particular meetings that he had during that period of time?

A No, sir. He didn't allege to have had any meetings. He, I think, exaggerated his contact on this one memo that I indicated, that the President of the United States asks me three times a week. I assumed that was through intermediaries, that Admiral Poindexter was asked by the President, and that Colonel North was the action officer to answer the questions. I think he exaggerated his role in that as well.

That is based upon an intuitive feeling that is difficult to describe at this time.

Q Were you familiar with the operation of North's office at all, the roles of individuals?

A I knew the people who worked there, yes, sir.

Q Presumably you had some exposure to Fawn Hall; is that correct?

A Yes. I met her on a number of occasions.

Q And how about Craig Coy?

A Yes, sir. He was an Air Force officer assigned -- or Coast Guard? He was an officer assigned to work for Colonel North as well as Bob Earl.

Q Bob Earl was also assigned to Colonel North?

A Yes, sir.

Q What were Craig Coy's responsibilities, as you recall?

A I know that he was not involved with this particular subject matter of interest on the hostages. I think I was told to sort of keep the sensitive stuff away from him, or words to that effect. I don't think he was heavily involved in the subject, and I think he had other duties.

Q Was he playing a major role in policy formation, from your ability to observe?

A I don't believe so.

Q How about Robert Earl? What was his role?

A Bob Earl was more of an action officer for Colonel North, and I believe I once asked about his relationship with Colonel North, did he work for Colonel North, and he said he worked with Colonel North, and I made mention of that to Mr. Allen one time and Mr. Allen made it very clear to me that Colonel Earl worked for Colonel North.

Q Were you able to observe whether Mr. Earl had

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a knowledge of the hostage initiative?

A Yes, sir.

Q Did he?

A Yes, sir, as far as I was aware. If I could not get hold of Colonel North on a particular subject, particularly a hot subject, it was okay to talk to Bob. That was the quote from Mr. Allen.

Q How about, let's say, the DEA operation? Would he have been knowledgeable of that?

A Yes, sir, I believe he was. He seemed to be Colonel North's backup.

Q Let me put the question differently. Was there any topic you felt you could not talk to Colonel Earl about in North's absence?

A No.

Q Now, in April of 1986 you completed an options paper on the hostage question, and I'm going to have this marked as [redacted] Exhibit 2 and ask if you would take a moment to look at it and identify it, if you would.

(The document referred to was marked [redacted] Exhibit Number 2 for identification.)

MS. HUGHES: Is this a good time for a break?

MR. WOODCOCK: Sure.

(A brief recess was taken.)

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MR. WOODCOCK: Let's go back on the record.

BY MR. WOODCOCK: (Resuming)

Q Major [redacted] you have had an opportunity to review what has been marked as [redacted] Exhibit 2; is that correct?

A Yes, sir.

Q Now, is that the options paper you referred to earlier in your testimony that you had a discussion with Mr. Allen over?

A Yes, sir.

Q How did this paper come to be created?

A At the initial meeting with Colonel North and Mr. Allen in the Old Executive Building, Colonel North indicated he wanted to explore all of the options.

Q And this is the meeting that occurred in December of '85?

A Yes, sir.

Q So this paper is in part the fulfillment of the purpose of the CIA Hostage Location Task Force as you understood it; is that correct?

A Yes, sir.

Q Now this paper really is divided into what appear to be two parts; is that correct?

A Yes, sir.

Q There is a cover memorandum which is addressed from you to Lieutenant Colonel Oliver North.

A Yes, sir.

Q And in that is a reference to the arms-for-hostages option; is that correct?

A Yes, sir.

Q Then, appended to that are --

A A full range of options.

[redacted]

Q Is there anything about your discussions with Mr. Allen that caused this paper to take on a form that appears to turn it into two different papers?

A Yes, sir.

Q What is that?

A The second section of the paper, you will note, appears to be a complete range of options. This is what I submitted to Mr. Allen for the options paper, which I was interested in seeing be delivered to Colonel North.

[redacted]

Q Then, when you submitted this range of options to Mr. Allan, what was his reaction?

A That I had left out an option.

Q That option being the arms-for-hostage option; is that correct?

A Yes, sir.

Q So what happened as a result of that insight on his part?

A He asked me -- he directed me to describe the arms-for-hostages channel, and in fact I indicated that I had been kept out [redacted] and was not completely privy to all of the information. And he indicated that he would assist me in the writing of that portion, so I drafted an option and he made considerable changes to that option in two different drafts.

Q Now in the course of your discussion with him about the arms-for-hostages option I take it that you made known to him that that was not an option that you favored; is that correct?

A That is correct, sir.

Q Did you tell him that if you were forced to simply incorporate it into the paper you might withhold your signature from it?

A Yes, sir.

Q Did Mr. Allen make some concession to you based upon this position you had assumed?

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A Yes, sir. I indicated that I felt that he should sign this particular paper, and he said, no, I should take credit for my work. I felt that was rather strange because he was always insistent on signing the weekly reports to Admiral Poindexter, and why he would want me to sign the options paper, even though it was the basis of my work, most of my work was what he signed in terms of production of intelligence, struck me as somewhat strange.

But after I had discussed, after I had drafted my first draft of the options on the arms-for-hostages, I had a number of what we call bullets, lines, that were drawbacks or things that I had problems with -- encouraging terrorism, the assumption to encourage terrorism -- and there were a number of items, there were five or six different bullets, I believe, short blurbs.

Q Now did you negotiate with Mr. Allen about presenting your views to Mr. North?

A Yes, sir. I said if the paper had to go this [illegible] only way I would sign it is if I was allowed to [illegible] it to Colonel North and explain my reservations about it.

Q So he acceded to that, I gather.

A Yes, sir.

Q What happened then?

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A I delivered the paper to Colonel North, I believe at the end of April, and discussed with Colonel North my reservations about the back channel initiative, the arms-for-hostages.

Q Now you referred to it as the back channel initiative. I gather that that has a particular meaning to you, the term "back channel"; is that correct?

A I believe that was the way that Mr. Allen first referred to it, and that was simply the way it was referred to rather than talking about arms-for-hostages because it was a generic term that you could discuss without saying something that in fact was considered by Mr. Allen to be very sensitive.

Q "Back channel" is a term that ordinarily denotes not the ordinary communications; is that correct?

A Yes, sir.

Q Not the ordinary chain of command; isn't that correct?

A Yes, sir.

Q Is that what you took it to mean in this instance, too?

A Yes, sir.

Q Now, did anyone else other than you contribute -- and Mr. Allen -- contribute to the item that has been marked as [redacted] Exhibit 2?

A Yes, sir. The basic paper that I wrote really was the items [redacted]

[redacted] That was basically the paper that I wrote, and that was a compilation of efforts by many of the members of the Hostage Location Task Force team [redacted] and it was in fact, while I drafted it, it went through many drafts in its process.

And this back channel initiative was tacked on at the end just before it was submitted.

Q So that you put it out for general review before you completed it; is that correct?

A The back portion [redacted] not the front piece.

Q So that items [redacted] went through the Hostage Location Task Force personnel?

A Yes, sir.

Q And you retained your subordinate editorial authority over it; is that correct?

A Yes, sir.

Q And then subject to Mr. Allen; is that correct?

A Yes, sir.

Q Now, did you, as a result of your discussions with Mr. Allen, finally affix your signature to the bifurcated version of the options paper?

A Yes, sir, only with the condition that I explained to Colonel North my reservations about it.

Q Correct, and your signature does appear on the Exhibit, does it not?

A Yes, sir, it does.

Q A copy of your signature appears on the second page, or at least that page denominated as 7437?

A Yes, sir, it does.

Q Now did you have a meeting with Colonel North about this paper?

A Yes, sir, I did.

Q And that was sometime in late April; is that correct?

A Yes, sir.

Q Did you bring to his attention your views about the lead option, or at least the first option on it, the arms-for-hostages option?

A Yes, sir.

Q How did that presentation of views proceed?

A I said that while Mr. Allen had affected my analytical view, that he was more of the opinion that it was an effective option than I was, and that the words that we had come up with were in fact more his than mine but a compromise we did have. Mr. Allen was knowledgeable that an arms-for-hostages deal had been successful in the past and that I had not been involved with this, and he affected that this analysis should be colored by the facts -- i.e., that it had been successful in the past.

I indicated that despite that it had been successful in the past, that just because it worked it was not necessarily the right thing to do.

Q In other words, your position was it shouldn't be a U.S. policy even if it did work; is that correct?

A Basically yes, sir. It was bad business.

Q And you conveyed that to Lieutenant Colonel North; is that correct?

A I conveyed that to Mr. Allen and he was quite irate with me, and he said goddam it, Ollie knows all this. Just put the words down.

Q And that was how the first part of the report came into being; is that correct?

A Yes, sir.

Q Now when you got to Lieutenant Colonel North, I take it this meeting took place in his office; is that correct?

A Yes, sir.

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Q When you got to his office did you exchange in a presentation of your views on this first option how you disfavored it?

A Yes, sir.

Q How did that go?

A We met for about an hour and 45 minutes with various interruptions, and I expressed my reservations and my checklist of reservations for the first option. And he said that's not exactly what you've said here. And I said, well, that is not what I've said here, but this is my opportunity because of my agreement with Mr. Allen to express my reservations to you.

Q Now who else was present?

A No one, sir. Just myself.

Q The meeting is interrupted periodically and that, I gather, elongates the life of the meeting; is that correct?

A By phone calls, by Colonel North having to step out for a minute here and then come back and say [illegible] were we.

Q Now, was this discussion centered solely on the first option, or did you get into the other options as well?

A No, sir. We spent the bulk of the first part of our meeting talking about that, and I expressed my

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dissatisfaction with that as a functioning option, and he was quite tightlipped about it and made no comments on my noting that it was against official U.S. Government policy. He made no comments on the fact that it encouraged terrorism. He made no comment on any of the items that I brought up, with the exception of its effect on the Gulf war.

And he asked if I thought it would have a significant effect, and I said, based on the equipment, yes, I felt that key items of equipment could have a significantly adverse effect on the Gulf war.

Q And when you made that comment, did he react to that?

A He raised his eyebrows, I believe.

Q So I gather this was not a rough and tumble give and take discussion of the first option?

A I expressed my doubts and he listened.

Q But he did not rejoin, for the most part; is that correct?

A No, sir, which some what surprised me.

Q You were anticipating perhaps some real give and take in the conversation?

A Yes, sir.

Q Do you recall, after this meeting, having a meeting with or in [redacted] office?

A I remember at some time going up to [redacted] [redacted] office in downtown D. C., yes.

Q Do you place it in time, before or after this meeting with Colonel North?

A I'm not sure when it occurred during that time, to my recollection.

Q Do you recall why it was you went to [redacted] [redacted] office?

A To the best of my recollection, he said that he had some notes on items that we had previously held discussions on, and I said I would like to get together with him to talk about that and take some notes. And [redacted] [redacted] and [redacted] were not very accurate recordkeepers.

Q Did they keep any records at all, do you know?

A After meeting with [redacted] in his office I was able to find or to see nothing that was written down in any form.

Q Were they able to compensate for their apparent absence of notetaking with particularly fine recall?

A No, sir.

Q Did they suffer the consequences, then, of having incomplete notes and incomplete memories?

A Yes, sir.

Q Now, was there anything about going to [redacted] office that struck you as odd with respect to his purported assignment to the NSC?

A Yes, sir. He was working in a rather -- I shouldn't say -- well, it was not the kind of office that one would think is associated with the NSC. It was small, rather crowded, not very well furnished, and he seemed to have no specific area dedicated to that NSC-designated task. He seemed to be just another guy working out of his DEA office at his regular job.

Q Did you get the impression that he, along with his NSC assignment, retained many of his ordinary DEA functions and assignments?

A Yes, sir. Apparently he retained all of his regular assignments. It was as though -- it seemed to me as though he had assumed his NSC advisory role as an additional duty -- I would strike NSC advisory role -- his duties dealing with Colonel North as an additional duty and that he was not given a special status or project.

Q You were able to leave your position, I guess, sometime toward May of 1986; is that correct?

A Yes, sir.

Q During that period of time the record, I think, now reflects that from approximately May 24 to May

28 the McFarlane delegation visited Tehran in an effort to pursue the arms-for-hostages policy. Were you aware that that was under way or underfoot at the time that you were leaving?

A No, sir. I know that I believe I went down at the end of May with the idea that I would see Colonel North before I left, and I believe at the time I went down there he wasn't in the office, and it seemed to me that they said that there had been an earlier conversation where he was out of the office or he was around somewhere, but not there at the time that I went over, I believe, that week to say goodbye.

He was not available to say goodbye to, and I was not informed of where he was or what he was doing.

Q Were you aware of an increased activity on the part of your associates [redacted] during this period of time?

A I knew that there was increased activity on the part of Mr. Allen. I don't remember if [redacted] was gone yet. He was making efforts in the same way I made an effort to get clear of this "bad business". He was trying to effect his release from this task force, which was originally slated to last only a short period, say six weeks, and that we had been there six months already. And he was working to see himself replaced as well on the task force.

Q Were you aware in the course of your tenure with the CIA Hostage Location Task Force of an individual by the name of [redacted]

A Yes, sir.

Q How did you come to know him, if you did come to know him?

A I knew that he had been cleared into the two subcompartments of the program, and that he on a number of occasions had assisted Mr. Allen in the editing of the weekly report.

Q When you say he was cleared into the two subcompartments you are referring to [redacted] as one?

A No, sir. Not that. I was talking about the--can I refer to these two, the [redacted] subcompartments.

Q Let me put the question differently. Did you understand or develop an understanding that [redacted] [redacted] in addition to being cleared into the two subcompartments, was also cleared into [redacted] or did you have any knowledge of that one way or the other?

A I didn't have any knowledge that he was cleared into [redacted] I was aware that Mr. Allen used him for an editor and as a sounding board for some of his ideas.

Q Did you know what his position was with CIA?

A I was told at one time. I don't remember exactly what it was.

Q Now, to put some other characters in context, you've testified that you met George Cave sometime, I believe, in March of 1986. Would that be correct?

A Yes, sir.

Q Did you know what his role was, why he had been called into action?

A I believe it was because of his skills. I believe he had some connection with [redacted] [redacted] interpreting or translating or something to do with [redacted] I was directed, in so many words, to keep my nose out of his business and did, and was glad to.

Q I gather you then did not have much interaction with George Cave; is that correct?

A I met him once or twice and saw him a number of times waiting for Mr. Allen to return or at a meeting with Mr. Allen, trying to get hold of Mr. Allen.

Q And I gather you also met, while you were at CIA, [redacted] and [redacted] is that correct?

A Yes, sir.

Q Did you ever discuss with them [redacted] or the arms-for-hostages program?

A I cannot recall a specific instance where I discussed that with them. But I believe Mr. Allen indicated that someone from the DO side was aware or involved in that effort.

Q And you also knew [redacted] is that correct?

A Yes, sir. I had known him from a previous assignment overseas as well.

Q Did you have any understanding as to whether [redacted] was either a participant or witting, as they say at CIA, of [redacted] the arms-for-hostages effort?

A I assumed he knew at least a portion. [redacted]

Q Now, also about the time that you were getting ready to leave the Hostage Location Task Force of the CIA, there was an effort under way from the DEA agents to release the hostages. Were you aware of that? This is towards the end of May of '86.

A There were a number of efforts under way in a number of different areas. I'm not sure which one you're referring to.

Q This one would have involved ransom for hostages in the amount of approximately $1 million a hostage.

A There was some discussion of cash for the hostages, but early on in my discussions with DEA they mentioned it a number of times, but I, in terms of a specific recollection, shortly before my departure I don't remember. I don't have any clear recollection of a $1 million amount for the hostages through any particular intermediary.

Q When you spoke to [redacted] about your experiences with the DEA agents, did he impart to you that he had cautioned the DEA agents against meeting with their source or any of their sources in [redacted]

A I believe during -- no, I don't have any recollection, any specific recollection. There was some discussion [redacted] but in what regard I can't be very specific. You have to remember these were often 18 and 19-hour days, six days a week, and so things tend to get fuzzy when you are very tired.

Q The DEA agent projects, let me turn to them for just a moment as a general topic. Was it your impression that Colonel North had somehow placed the DEA projects into Mr. Allen's bailiwick?

A No, sir. It was somehow my impression that the DEA agents were almost uncontrolled variables in the equation. As it was, the DEA agents would typically, if they could get money from CIA for a particular project, would use CIA since they had, since my meeting with the Director of CIA in which I presented my view of the sources and Mr. Allen asked for $25,000. Mr. Casey's comment was, get it from the DO, the Directorate of Operations, and that seemed to end Mr. Allen's efforts to get money because he was not willing to go there to get it.

Once Mr. Allen's role and failure to get any money for them happened, then they seemed to lose more interest in Mr. Allen other than a source for information or intelligence from time to time.

Q Were they a regular -- were they in regular contact with the Hostage Location Task Force?

A They were in regular contact with Colonel North. On a number of occasions Mr. Allen would direct me to get together with them and meet with them because he had gotten another call from Ollie that they had been in contact with Ollie, and my feeling was that Colonel North wanted to have them work with Mr. Allen but that the DEA agents preferred direct contact with Mr. North.

Q When Mr. Allen would ask you to have these meetings with them, would you go ahead and have them?

A I would talk to them on the phone or I would meet with them, and I would be in contact with them. I visited them at their office one time. They came up to a hotel one Sunday. I met them at Colonel North's office once or twice. But I would say I've had a total of eight to ten or twelve -- maybe eight to ten meetings with them during the five or six-month period.

Q Now, those meetings, were they of more frequency in the early part of your tenure than the latter, or were they spread out evenly over the six months?

A More frequent at the beginning, less frequent late.

Q Any reason for the diminution of frequency?

A Personally I felt that they were not very useful as sources, that I didn't really care to deal with them.

Q Were you able to assist them much?

A I was able to provide them some assistance, [redacted] et cetera, and they would refer their questions to me. I had some reservation about talking to them over an open telephone. They did not have a secure line in their office. And so if we were going to meet to discuss classified information I wouldn't do it over an open phone. So that hindered them somewhat.

Q Do you know whether they had any secure communications devices, like a KL-43?

A I was not aware of that. All my contact with them was over the phone or personally, over the open phone.

Q Now, do you recall having a conversation late one evening with Mr. Allen where he referred to Ollie and his contra money?

A Yes, sir.

Q How did that come about?

A The specific context that it came up in, we were talking about -- I believe Mr. Allen and I were talking about money and he made an offhand remark to the effect that Ollie was already into his contra money for the hostages, that he was using his contra money. And I knew that Colonel North had a role, some sort of role, some sort of dealings with the contras. But I'm a Middle East expert and that was outside my area.

And I was simply not interested in it.

Q And as a Middle East expert, I gather you had certainly an understanding of what the reference to hostages would mean; is that correct?

A Yes, sir.

Q Did you have an understanding from the remark as to how it was that monies earmarked for the contras would end up being used for the hostages?

A No, sir. And I did not ask. I did not know if this was officially appropriated funds or private funds or government funds or what sort of funds they were. He just made the fact that Ollie was already into his contra money for the hostages, that it was a remark made in the context of monies in general, and that there was a shortage of funds in efforts to free the hostages.

Q Did that shortage relate to the particular projects that were under way to seek the release of the hostages?

A I don't remember what the context specifically was in reference to. I think it had to do with paying sources, and I knew that there were certainly funds available for the collection of intelligence and that no efforts were spared in that regard. But that generally in terms of monies being paid, it was for sources or to get access to sources.

Q Now, the sources were these, the DEA sources, or were there more sources than just DEA sources that were in need of payment?

A I don't remember specifically what the conversation was referring to, simply that there was a shortage of funds, that Colonel North's funds for these efforts were short.

Q For the hostage efforts?

A Yes, sir.

Q And that he, as a result, was resorting to or digging into contra money?

A Yes, sir.

Q Let me ask more generally and outside the context of this particular conversation --

MS. HUGHES: Off the record for a second.

(A discussion was held off the record.)

BY MR. WOODCOCK: (Resuming)

Q Do you recall when this conversation occurred?

A I would estimate it was at least halfway through my tenure, my five or six-month tenure at the Hostage Location Task Force, which would put it somewhere in probably the March to April time frame, I would guess.

Q Can you relate it to your trip to London? Was it after that?

A I can't place it specifically.

Q Now, during this conversation where this remark was made I gather from your earlier statements this was late at night; is that correct?

A Yes, sir. I assume that it could have been any day of the week. I know that typically on a Friday night we would spend till midnight there preparing the report, sometimes 1:00 or 2:00 in the morning. During the week we would run sometimes 6:00, 7:00, 8:00, 9:00 at night, but Fridays were particularly brutal.

Q I gather no one else was present other than Mr. Allen, or was his secretary within earshot, to your knowledge?

A I don't recollect there being anyone around at that time.

Q So it was you and Mr. Allen, to the best of your recollection; is that right?

A Yes, sir. That doesn't mean there wasn't somebody else around. I just cannot remember anybody specifically being there.

Q Do you recall whether Mr. Allen's secretary was even available at that point?

A Mr. Allen's secretary is located in a different area. We were in the Hostage Location Task Force spaces. Mr. Allen's secretary was located on an entirely different floor, down at the [redacted] Actually he had offices [redacted] and later moved to the [redacted] So he maintained two different office spaces at one time, and his secretary earlier was at his office at the NIO for Counterterrorism and later she moved down to his office with the [redacted]

[redacted]

The secretary for the Hostage Location Task Force was located at our spaces, not Mr. Allen's secretary.

Q I see. If this conversation took place when you were putting the report together, then would there have been a secretary still there to finish up the report?

A Typically yes, sir. Her desk, however, was located outside of the doors, and she wouldn't necessarily have been privy to it.

Q Now I don't want to confuse your testimony here. Do you associate this remark with one of those late Friday nights that was a report-writing night, or was it another late night?

A I can only recollect that it was dark outside, that I was sitting at the table very tired when Mr. Allen made the remark. I can't associate it specifically with the preparation of the report or any particular night of the week.

Q Do you recall writing out a list at one point of all of the [redacted] efforts that were ongoing while you were the Hostage Location Task Force of the CIA?

A Yes, sir. I remember writing what was

tentatively called the Initiatives Under Way. Whether the initiatives had any substance or not, we included all of them, and there were, I believe, some [redacted] reported initiatives. Some of these were spurious; some were in fact not really initiatives but were just press reflections of an initiative.

But we made an analysis of all of the reported initiatives that were under way and it became very confusing at one point. Colonel North was doing things. Mr. Allen was doing things. The DEA guys were involved in efforts. [redacted] There were many, many people doing many, many things.

And I said I can't tell the players without a scorecard. I need to write all these down, and at one point I did and I included them all. And we had a file on initiatives.

Q Now who helped you put that together?

A Mr. Allen, [redacted] members of our team [redacted] I believe I canvassed everybody to say what initiatives are you aware of.

At one of the biweekly Hostage Location Task Force meetings, when we pulled all the individuals in, I threw it up in the air and said what initiatives are you aware of. That is where the initial list came from, and it was [redacted] and then as the list grew, it grew larger and more complex.

Q So I gather that some of these initiatives were U.S. Government-inspired and some of them were private initiatives; is that correct?

A Yes, sir, apparently.

Q Now when you say "apparently", that is an initiative, if it had a U.S. Government role you didn't know it; is that right?

A Yes, sir. I was not privy to all of the initiatives under way.

Q Now, these initiatives, if you can recall, how many of them were associated with Lieutenant Colonel North?

A That would be a hard question to answer. If anybody was aware of them, in my opinion, it would be Colonel North. He seemed to be more aware of ongoing efforts. We kept him informed of things we became aware of. He seemed to be the one, the keystone.

Q Would Robert Earl be aware of which ones would be North initiatives?

A He very well might. He would be more knowledgeable about that than I would be, I assume.

Q Was this list disseminated?

A An earlier copy, yes, sir, was disseminated. I provided a copy to the State Department, and I believe I provided a copy to the FBI.

[redacted]

Q Now was a copy of this, to your knowledge, left with the Hostage Location Task Force of the CIA when you left?

A Yes, sir. [redacted]

[redacted]

(A discussion was held off the record.)

BY MR. WOODCOCK: (Resuming)

Q Let me put on the record what you just said while we were off the record. Major [redacted] was asked when the list of projects, [redacted] was compiled, and let me summarize his testimony.

He said that the list was formally constructed in February of 1986 and that it was regularly amended from time to time as new projects came to the attention of the Hostage Location Task Force; is that correct?

A Or alleged projects or alleged initiatives.

Q He also said that the list was disseminated sometime in March of 1986; is that correct?

A Yes, sir.

[redacted]

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Pages 137 through 141

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[redacted]

(A discussion was held off the record.)

MR. WOODCOCK: Let's go back on the record.

BY MR. WOODCOCK: (Resuming)

Q Now, Major [redacted] you stayed with the Hostage Location Task Force, I believe, until approximately the end of May; is that correct?

A Yes, sir.

Q And you then left the Hostage Location Task Force [redacted] is that correct?

A Yes, sir.

Q Now I believe in our last meeting you said that you were eager to leave the Task Force; is that correct?

A Yes, sir.

Q And that after leaving the Task Force you, in your words, dug yourself a foxhole and kept out of both Mr. Allen and Mr. North's or Colonel North's way; is that correct?

A Yes, sir.

Q And I gather what you meant by that was that you wanted to avoid being called back into the Hostage Location Task Force; is that correct?

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A Yes, sir. The original agreement was very short term. It was supposed to be six weeks. I had the impression that Mr. Allen, once he got his hands on me, was not going to let me go under any circumstances except for the fact that my pending reassignment, which was delayed 90 days, and I simply did not inform him that my assignment had been delayed 90 days.

I simply returned to the Pentagon on my projected date of departure, which was at the end of May.

Q And as far as you know you were not discovered; correct?

A Yes, sir.

MR. WOODCOCK: Major [redacted] I, if you can believe it or not, I have no more questions for you, and I appreciate your patience. It took longer than I had anticipated, and I know you came here later than you had anticipated, and so I thank you for your time and patience.

THE WITNESS: Thank you for having me.

MR. GENZMAN: I have a couple of questions.

BY MR. GENZMAN:

Q Could you describe very briefly the cause of your eagerness to leave the Task Force? Could you just summarize?

A Yes, sir. I didn't want to be associated in any way, shape or form with what [redacted] apparently had led me to believe was more arms-for-hostages when he told me that the issue was not dead in, I guess, April or May. I assumed that there were going to be some sort of efforts in that regard and I didn't want to be associated with them.

I advised against it, and my counsel had been given. Whether it was ignored or taken was a moot point at that point. I also, in the March time frame, despite the caveats placed upon me, informed the Assistant Chairman of the Joint Chiefs of Staff in March that I believed that back in December-November time frame that an arms-for-hostage swap had taken place, and his reaction was stunned. I think his words were: Oh, Jesus Christ.

BY MR. WOODCOCK: (Resuming)

Q This was General Moellering; is that correct?

A Yes, sir.

Q And when you informed him of that, you were acting in contravention to the instructions you had been given by Mr. Allen; is that correct?

A Yes, sir.

BY MR. GENZMAN: (Resuming)

Q I have one further question. I might have missed an earlier answer. You mentioned earlier that

Director Casey had talked about getting money from DO.

A Yes, sir. He directed Mr. Allen to get the money from the Directorate of Operations.

Q And I believe you indicated that Mr. Allen was not willing to go to DO.

A Yes, sir.

Q Can you give the reason for that?

A I believe he was involved in some sort of bureaucratic struggle with DO, the Directorate of Operations, and I was warned before going over to CIA that it was a political minefield that I was stepping into and that I was likely to get "both my legs blown off". And so I used my contact over there to try to step very carefully.

Q Was this political minefield any part of your reason for being eager to leave?

A Yes, sir. It is very difficult to be at an agency, a Federal agency which is separated from yours to be under the operational control of an individual yet still be employed by a different agency. I was a soldier, an officer in the U.S. Army assigned from a Joint Staff to a Federal agency working for a guy in CIA and assembling a team of experts from all these other agencies and had no true operational control over them other than what I was able to influence through my

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personal will.

And I was able to do that for six months, but I was, frankly, very tired of holding it together.

MR. GENZMAN: I have no further questions. Thank you very much for your time.

(Whereupon, at 5:55 p.m., the taking of the instant deposition ceased.)

____

Signature of the Witness

Subscribed and sworn to before me this ________ day of

________________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

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CERTIFICATE OF REPORTER

I, Raymond R. Heer III, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Raymond R. Heer

NOTARY PUBLIC
DISTRICT OF COLUMBIA

My Commission expires: May 31, 1989

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UBJECT/TITLE:

Trip Report

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C 6898

15 January 1986

MEMORANDUM FOR THE RECORD

Partially Declassified/Released on 3 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

SUBJECT: Trip Report

1. At the direction of LTC North of the NSC in coordination with Mr. Allen (NIO/CT) I undertook a two day trip to New York City to meet with two Drug Enforcement Agency (DEA) sources to evaluate them and any information they had on US hostages in Lebanon. The individuals [redacted] maintain extensive contacts [redacted] They were noted by DEA agents [redacted] and [redacted] as being potentially useful in our efforts to free five Americans currently held in Lebanon. I presented myself as a private individual, representing other businessmen who would pay for released US hostages. Two meetings were held with [redacted] Both meetings with [redacted] were attended by [redacted] and yielded little or no substantive intelligence on the hostages. [redacted] mentioned that he had extensive contacts who could assist in a hostage release for cash. [redacted]

2. At the end of the first meeting he introduced us to [redacted] he told [redacted] that I was "Major [redacted] an acquaintance of his.

3. He became more specific in the second meeting as to who his points of contact were. [redacted]

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[redacted]

4. During both meetings he indicated that he preferred to act as an intermediary for hostage information, and would be willing to travel to Lebanon to act in our behalf. He was not interested in getting any money "up front" to make additional inquiries for us but indicated if significant progress was underway he might need "bribe money to spread around."

[redacted]

5. [redacted] Source evaluation: [redacted] is a worthwhile contact. [redacted] His past dealings with DEA have been excellent. [redacted]

6. [redacted] and I held one four-hour meeting with [redacted]

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C 6900

[redacted] Now, he noted, [redacted] it would require larger amounts to bribe them. He claims to have extensive contacts [redacted] He noted that any deal for the hostages would be COD but asked; (1) that he be provided $5,000 and travel [redacted] (2) that there be funds available for bribe money when bona fides were presented [redacted]

10. He is prepared to travel on short notice [redacted]

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13. He felt it was possible to bribe [redacted] to free the hostages [redacted]

14. He indicated he would be contacting [redacted] to start work in this regard and would get back to us within a week.

15. Source Evaluation: [redacted] energetic and probably resourceful, he is fully aware of the dangers involved for himself [redacted] His interest is both monetary [redacted] The disadvantage of working through him is that he is not financially capable of undertaking the trip or bribes from his own pocket [redacted]

Major [redacted]

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N 7435
24 APR 86

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TO	NAME AND ADDRESS	DATE	INITIALS
1	LTC Oliver North		
2	NSC		
3			
4			

	ACTION		DIRECT REPLY		PREPARE REPLY
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	COMMENT		FILE		RETURN
	CONCURRENCE		INFORMATION		SIGNATURE

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FROM: NAME, ADDRESS, AND PHONE NO.	DATE
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EX.
DIA MAJOR #2

[redacted]
7/2/87

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UNCLASSIFIED [redacted]

Washington D.C. 20505

24 April 1986

MEMORANDUM FOR: LTC Oliver North
National Security Council

N 7436

FROM: Major [redacted]
DCI/ELTP

SUBJECT: Options to Secure the Release of US Hostages

[redacted]

The back channel initiative with Iran could well result in the release of the hostages. Iran has substantial influence over the captors and probably could effect a release of American hostages if Ayatollah Khomeini intervened directly to give his approval, even though Iranian influence over the hostages diminished [redacted] The United States would be obliged to make concessions to Iran. Iran is very interested in acquiring crucial military equipment and spare parts to support their current operations against Iraq. [redacted]

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N 7437

One drawback to this initiative is that either the Iranian Government or one of the factions within the Government might publicly expose any US concessions to Iran simply to embarrass the present Administration. [redacted]

Major, US Army

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Pages 1 through 4
[N7438 - N7441]
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DEPOSITION OF J. EDWIN DIETEL

Friday, June 5, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 10:22 a.m., in Room 2226, Rayburn House Office Building, with Patrick Carome presiding.

On behalf of the House Select Committee: Patrick Carome and Bruce Fein.

On behalf of the Senate Select Committee: Paul Barbadoro.

Also Present: David P. Holmes, Assistant General Counsel, Office of General Counsel, Central Intelligence Agency, Washington, D.C., and Paul Schilling, Office of Congressional Affairs, Central Intelligence Agency.

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Whereupon,

J. EDWIN DIETEL

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. CAROME:

Q Mr. Dietel, for the record, my name is Pat Carome, I am staff counsel with the House Select Committee to Investigate Covert Arms Transactions with Iran. Also present is another lawyer from our staff, Bruce Fein, and an attorney from the Senate Select Committee. Both committees were established -- I'm sorry, Paul Barbadoro is the attorney for the Senate Select Committee. Both committees were established pursuant to resolutions and have various enacting roles. The CIA was provided you with copies of both the resolutions and the rules. I have today provided you with another set of those rules for you to read if you wish.

The mandate of both the House and Senate Committees, which we are now -- the mandate of both the committees is to investigate the circumstances primarily surrounding the Iran affair, but also the United States Government's involvement with the contras. This deposition is being conducted pursuant to those rules.

Could you please briefly describe your

educational background, starting with college and law school, and then briefly state the positions you have held since law school, including year.

A I graduated from Southern Methodist University with a B.S.M.E. in 1964. [redacted] I went to law school at G.W. and graduated in 1969, J.D. I went back to Georgetown and took an LLM and graduated in '73, I believe.

I joined the General Counsel's Office in 1973 as an attorney, and I have held various management positions throughout the office, and now I am the Deputy General Counsel.

Q What are the positions that you have held in the Office of General Counsel?

A I was an attorney in what was then the General Law Division. I was the Deputy Chief of that Division, I was the Chief of that Division. I was the Associate Deputy General Counsel and Deputy General Counsel.

Q When did you become Deputy General Counsel?

A 1982, I believe.

Q And you have held that position both under Stanley Sporkin and under David Doherty; is that correct?

A Correct.

Q And you --

A For the record, not the entire time that Stanley

Sporkin was the General Counsel.

Q You took that position during the time when he was General Counsel?

A Correct.

Q Did there come a time in late 1985, November 1985, when you participated in a briefing by two CIA employees concerning CIA support for a flight to Iran?

A Yes.

Q When do you recall that briefing having occurred?

A The evening of 25 January, Monday. 25 January 1985. 25 of November, 1985. 25 November.

Q That was a Monday evening?

A Uh-huh.

Q Could you describe the events of that day that pertained to that briefing, starting with whatever happened before the briefing?

A My recollection is late in the day Mr. Sporkin asked me to join him explaining that John McMahon had called and asked his advice about some activities that apparently had occurred over the previous weekend. And Stanley asked me to sit in at that briefing in his office.

Q Could you recall what time Stanley asked you to sit in?

A I cannot. It was late in the day, that's the best I can pinpoint the time. It was toward the end of the workday, if not at the end. It may have been 5 or 6 o'clock, but it was late.

Q Did Mr. Sporkin tell you when he had been in touch with John McMahon before that on this subject?

A I don't recall if he did. He may have.

Q What did Mr. Sporkin tell you in advance of the briefing about what had gone on?

A I don't have any recollection of our having an extensive conversation. He just asked me to join him, and these two folks showed up and we sat down and listened to what they had to say.

Q Who showed up?

A Well, I subsequently learned the -- what I believe to be the names of the two individuals were [redacted] and [redacted] They were introduced but I don't remember their names myself and associated with the meeting. I believe those to be the names of the two individuals who were there.

Q Before this meeting, did Mr. Sporkin tell you that this was a highly sensitive matter?

A I'm sure he must have.

Q Did anyone else attend this briefing --

A No.

Q -- by the two individuals?

A No, there were four people in the room, those four that I described.

Q And where did this meeting take place?

A In his office. Mr. Sporkin's office.

Q And about what time of day did this meeting take place, that you can best recall?

A As best I can recall, at the end of the day.

Q So it was shortly after Mr. Sporkin told you that the briefing needed to take place; is that right?

A Uh-huh, correct.

Q Who said what at the briefing?

A The best I can recall it was a fairly short meeting. These two individuals -- I can't be specific as to which of the two individuals -- described to us what had happened over the previous weekend. But the sum and substance, they came in and gave Stanley the facts as they knew it and basically left.

Q How long did that meeting take?

A I can't recall but I would guess 15 or 20 minutes, maybe half hour.

Q What were the facts that these two individuals related during the briefing?

A As I recall the facts, they described a flight that had taken place. The purpose of the flight was to deliver what I remember to be described as a part of a large shipment of missiles, and that was -- My recollection is they described the first was delivered to Israel, and my recollection is there was a switch, that is, a trade that these missiles were taken there and off-loaded for replacement missiles which were on-loaded, and the objective was then to take the on-loaded missiles on to Iran.

Q And you understand at this time that already missiles have been transported from the United States to Israel, off-loaded in Israel, and then on-loaded again with another plane -- I'm sorry -- and then different missiles are loaded in Israel. And then those different missiles are taken on to Tehran; is that your understanding of what was described?

A That's my recollection of what was described.

Q Was anything said about how the American missiles had gotten to Israel?

A I have no recollection of that, and I have no recollection of a fact that you just added, which was that they were shipped from the United States. I don't have a recollection that that was discussed or -- it may have been, I just don't have a recollection of that.

Q But you said that newer missiles arrived in Israel; is that right?

A Correct. The point I'm trying to make is I'm not sure I can say that they were originated from the United States over that weekend. I don't remember that -- the point of origin of those particular missiles that weekend being the United States.

Q But you do remember there being two events of transportation: one to Israel and one from Israel?

A That is my recollection, correct.

Q What was the volume of missiles that you recall being discussed at this briefing?

A My recollection was it is in the order of 400 to 500. The reason I have that recollection is because it was explained that it was the first of several shipments. I have the recollection of the number 2,000 being discussed and it struck me that that would mean there would be three or four flights in order to deliver the totality. Now, that's my recollection.

The problem I have is I understand that there's been some dispute about that as to whether or not I have the time right in not confusing it with what may have transpired several months later. My recollection was constructed a year after all these events, that is, in November of '86.

Q You are sure that you were at a briefing on November 25th; is that right?

A Absolutely, and missiles were discussed at that briefing, to the best of my recollection.

Q Is what you are not sure about whether it was --

A Whether I --

Q -- Tows or Hawks that were discussed?

A I have no recollection of any specific missile. What

I have a recollection of is numbers in the 2,000 and only roughly a fourth of those could be taken at any one time. Now, whether I am confusing that with information I may have learned later, I can't be certain because I've only had to reconstruct this and think about it in November of '86. But when I originally tried to reconstruct it, my recollection was they were talking about 2,000 in November.

Q Putting the question of numbers aside, do you have a firm recollection that at the November 25th briefing it was discussed that there had already been one flight and that that was the first of a series of flights to deliver a larger total amount of material?

A My recollection in that respect is really tied to the numbers, because I had this distinct recollection of the 2,000 number and a quarter of it is all that the plane could take at one time. That's why I have this recollection of several flights having to be made in order to make the total delivery.

Q At the time you were -- withdraw that.

When over the weekend did you understand this flight to have occurred?

A I'm not sure it was described in any particular timetable at the meeting. It had just occurred over the weekend.

Q Would it surprise you that it seems that the plane involved may have still been in the air on its return journey from Iran at the time you were meeting?

A It wouldn't surprise me because I was subsequently trying to reconstruct and I've heard others describe what they knew the facts to be, no.

Q Was the question of the need for a finding, or the possible need for a covert action finding, discussed between you and Mr. Sporkin before this briefing took place?

A I don't have any recollection of the discussion we had before the meeting took place, if we had any at all.

Q You don't recall whether or not Mr. Sporkin said John McMahon says we need a finding on this question?

A No, I don't have any recollection of whether he said that or not. I'm not saying he didn't say it, I'm saying I have no recollection of his having had a discussion with me in that regard at all.

Q Do you recall yourself or someone else telling George Clarke before this briefing occurred that he should not attend the briefing because it was too sensitive a matter?

A No.

Q What types of questions did you or Mr. Sporkin ask the CIA employees that came over to do the briefing?

A I don't have any recollection of our asking particular questions at all.

Q What was it that Mr. Sporkin wanted to find out?

A What had transpired over the weekend and what John McMahon apparently was concerned about.

Q And what was it that Mr. McMahon was concerned about, as you understood it at the time?

A Well, I had had no direct conversations with him so I don't know that I gave that any thought at the time since the question as you ask it, we were there to try to understand what had happened and then advise McMahon if anything should be done about it.

Q When you say that a certain amount of missiles had already been moved the previous weekend, did you understand that missiles had moved both to Israel and from Israel?

A That's my recollection.

Q How would you characterize the attitude of the two CIA employees who were briefing you at this briefing session?

A They came and they described what they understood to characterize the events and answered any questions. If you are asking me if it was hostile or anything like that, it was not.

Q Were they nervous?

A They didn't seem to be.

Q Were they tight-lipped?

A I don't know what you mean by that.

Q Were they reluctant to explain the facts?

A Didn't seem to be.

Q Was there any mention of Lt. Colonel North at this briefing session?

A I don't have any recollection of that. I wouldn't have known who that person was at the time, I'~~ve~~d never met him, so I'm not sure I would necessarily focus on whether his name would have meant anything. His name wouldn't have meant anything to me, so I'm not sure I would have focused on and remembered his name being mentioned.

Q Was Dewey Clarridge's name mentioned during the briefing, to the best of your recollection?

A I have no recollection of his name being mentioned.

Q How about Richard Secord?

A No recollection of his name being mentioned.

Q Richard Copp?

A No.

Q What was said about the relationship of the National Security Council to this flight or flights?

A I don't believe I -- I have no recollection of any reference to the National Security Council being mentioned at the briefing of these two individuals.

Q What about the issue of whether or not this was a mission involved or directed at obtaining the release of American hostages? Was that something that you were aware of during the briefing?

A I don't have a recollection of the two people coming and speaking on that subject. I have a recollection of that being thought of as the purpose, or at least one of the purposes of this activity, but I can't associate that, one, with the meeting or; two, with those specific days of late November '85.

Q Did either of the CIA employees during the briefing say anything at all about efforts to obtain rights to overfly foreign countries during the weekend efforts?

A I, don't have any recollection of that in the briefing.

Q Do you recall that that did not come up?

A No, I can't say that I have a recollection that it didn't come up.

Q What was said about the question of the remaining flights in the series of flights to be performed during the briefing?

A The best I can recall is that they described the activities over the weekend and that others were to have to take place in order to complete the overall activity. I have no recollection of their saying with any specificity when or how those might be undertaken.

Q Did either of the CIA employees doing the briefing ask is it okay for us to continue on with the additional flights?

A I don't have any recollection of their asking any such question.

Q Did either you or Mr. Sporkin give any indication to the two individuals that further flights should not take place until some further authority was obtained?

A I don't believe so. I don't have any recollection of any such instructions.

Q What happened after the briefing by these two CIA employees?

A Two people left and Mr. Sporkin decided that he wanted some other advice and thought on what he should tell John McMahon.

Q Did he call John McMahon immediately after the briefing, to your knowledge?

A I cannot recall his doing that.

Q What did he do at this point?

A He called a second meeting, and that second meeting occurred shortly after the two briefers left, and he asked George Clarke and Bernie Makowka to join him.

Q Do you have a firm recollection that both of those individuals came into this meeting?

A Yes, I do.

Q If I told you that Mr. Clarke firmly recalls that he wasn't there, would that change your recollection?

A No, it wouldn't.

Q What was discussed at this meeting after the briefing?

A Mr. Sporkin described what he understood the facts to be and we then discussed what should be done, if anything.

Q Let me stop you right there. What did Mr. Sporkin say about the facts as he understood them at that point?

A He basically described the flights that had occurred.

Q You mean to say flights, plural?

A Yes.

I mean to say, my recollection is, flights from into Israel and from Israel to Iran. That's why I'm using the word plural. He described missiles -- my recollection is -- missiles being transported as I've described, as we were told. And the issue was: is this kind of activity require a presidential finding? We talked about that and came to the conclusion that our legal advice to the Deputy Director of Central Intelligence was that we believed that would be the best course to take. And my recollection is he then asked Mr. Makowka to start drafting such a finding.

Q Was there any discussion of whether or not Mr. McMahon had himself raised the question of whether a finding was needed during this meeting?

A My best recollection is that -- let me strike that and say: I have no recollection that Mr. McMahon asked whe a finding would be needed or not.

My best recollection is Mr. McMahon asked for Mr. Sporkin's advice. Now, let me add to that the fact that I wasn't privy to the conversations between Sporkin and McMahon. I have not talked to John McMahon on this at all. My best recollection is and the way it was characterized was, what should we do. I recognize that there seems to be some difference of opinion as to whether or not Mr. McMahon asked Mr. Sporkin, or suggested to Mr. Sporkin that a finding was needed.

I can't be helpful on that because I have no recollection nor did I participate in any conversation that might reflect on that issue.

Q What were the factors that the attorneys at this meeting considered as weighing in favor of requiring a covert action finding?

A Whether or not the activities met the statutory requirements, that is, whether or not these activities were non-intelligence collection activities, and whether or not they were of such a nature as to in fact involve the employees of CIA as opposed to non-agency employees.

Q Was there any additional concern about the political sensitivity of what was being undertaken and, therefore, a greater concern to try to dot all the "i's" and cross all the "t's"?

A I can't associate a heightened political concern with this particular meeting and the activities that same day in our office. I know that certainly became a point of importance over the next few weeks as this -- and months -- as this continued, that our office continued to deal with the matter. I can't associate heightened political concern on November 25th, 1985.

Q In any event, at some point during the evolution of this Iran arms transaction it became clear to you that there was a high -- to put it colloquially -- flap potential--

A Yes --

Q -- for this initiative; is that right?

A I think that was of -- when you use that term, I would suggest that that was a concern even that first day.

Q And what do you mean by that?

A That is, there was a very sensitive operation; few people were to know about it. And if it was to be done and be successful, it had to remain a very tightly guarded secret.

Q In addition to just operational security, there would also have been a large political problem if this came out; is that right?

A I think that's correct.

Q Was there any discussion at this first meeting among the lawyers as to whether or not the finding being discussed would call for notification of Congress?

A I can't remember whether or not we discussed it on the evening of 25 November or not. I now have no recollection of discussing that particular point on that evening.

Q In any event, at some point was the subject of congressional notification discussed?

A It was.

Q And this is in either that evening or the following day?

A Well, it could be, I don't have any independent recollection of precisely when it was discussed.

Q When it was discussed, what was the nature of the discussion?

A My recollection is we thought that certainly could be an option that the President could choose to make. It would obviously have to be a presidentially directed construction. It couldn't be unilaterally made by the General Counsel or the DCR, anybody less than the President, in our judgment.

Q Do you know who raised the subject of congressional notification?

A No, I have no recollection who may have raised that.

Q At this meeting, was specific language for a pg end

finding discussed?-- and I'm going back again to the meeting among the four lawyers on the 25th of November.

A I don't have any recollection of talk of word-smithing anything at that point. My recollection was we talked about the activities themselves that had occurred and concluded that a finding should be prepared and that Mr. Makowka was assigned that task.

I don't have an independent recollection of anybody saying, well, should we use these words or these words or those words. I don't have any recollection of those kinds of discussions taking place the evening of the 25th of November.

Q Do you have any recollection of Mr. Sporkin dictating something to his secretary that evening?

A No.

MR. CAROME: Would you mark this as an exhibit, please? I will just call it ED-1.

(A document was marked Deposition Exhibit ED No. 1 for identification.)

BY MR. CAROME:

Q Mr. Dietel, I show you what has been marked as Exhibit 1 to this deposition, and ask if you recognize what that is?

(Witness perusing document.)

THE WITNESS: I don't know that I've ever seen this before. I can speculate as to what it is from --

BY MR. CAROME:

Q First of all, why don't I ask you, do you know -- it says at the top, "From [redacted] shorthand notes 25 November 1985." Do you know what [redacted] refers to?

A That's Mr. Sporkin's secretary, [redacted].

Q How does she spell her last name?

A [redacted]

Q Is it possible that Mr. Sporkin dictated this sometime on that evening to his secretary?

A It's possible.

Q But you don't recall that having happened?

A No.

Q Is the contents of these shorthand notes in concurrence with your understanding of the nature of the discussion among the four lawyers that night?

A I have no recollection of sitting down with a piece of paper that night and focusing on specific language of the finding. I'm not saying it didn't occur. I say --

my point is I have no independent recollection at this point of having something in hand that evening.

In fact, I have the opposite recollection. I have the recollection that we, as I've already described, talked about the briefing that we had just received and left Mr. Makowka with the task of coming up with language.

Q At that meeting among the four lawyers on the 25th was there any discussion about whether a direction should be given that no further flights take place without further notice from the Office of General Counsel?

A No, I don't have any recollection of such a discussion or a decision to issue such an order.

Q Was there a sense of urgency that a finding be gotten, drafted and on the record at that point?

A Yes.

Q Do you know where that sense of urgency emanated from?

A Well it emanated from Mr. Sporkin. Mr. Sporkin felt we ought to do something as quickly as possible. That's why he had a meeting with the people that had some expertise in this and why he set this in motion as quickly as possible. And his idea was, to the best of my recollection, to have something immediately that he could put forward.

Q Do you recall whether Mr. Sporkin's urgency was focused more on the planned additional flights or was it focused on the fact that the weekend activity had already transpired?

A I believe he was thinking that this total effort, as the effort that had started and was in our understanding going to continue, needed a finding in order to have a basis to proceed. So he obviously didn't want to have a legal impediment to that and set forth doing what he thought was required, which was to produce a finding that could cover this, the entirety of this activity.

Q Both past and future, is that right?

A Correct.

Q During this meeting among the four lawyers was there any discussion at all of CIA assistance to obtain overflight rights over any foreign country such as either [redacted] or any other country?

A I have no recollection of that. I have subsequently learned that there was some -- there was some activities in that area, but I cannot associate nor do I have any recollection of their being discussed on 25 November.

Q Was it primarily the flight activity by the CIA proprietary airline that was, in your mind, driving the need for a finding?

A Yes.

Q And you don't recall the question of overflights and overflights assistance being a factor in the decision that a finding was needed?

A No.

Q How long did this meeting among the four lawyers take?

A I would guess maybe a half an hour. That's the best I could narrow it down at this point.

Q So about what time of day would that be, by the time this meeting was getting underway?

A Well that was later in the evening, maybe 6:00 to 6:30.

Q And how did the meeting end? On what note?

A The meeting ended with the tasking of Mr. Makowka to draft the finding that we all agreed was appropriate.

Q Why was Mr. Makowka selected to do this task?

A I can't have any specific recollection of that, and I've tried to think about that since because normally it would have been Mr. Clarke. That he's the individual that was most heavily involved in the legal support to covert activities.

On the other hand, Mr. Makowka had recently become involved in [redacted] and the legal problems associated with that, so that may well have been the reason. But I don't know that I focused on that and have any specific recollection and specific answer to your question.

[redacted]

Q Do you know whether Mr. Makowka had ever worked on the drafting of a finding before?

A I don't know if he had or not.

Q As far as you know, he might never have been involved in the drafting of a finding before?

A He may never have been.

Q Did Mr. Clarke --

A Let me put it this way: I know of no finding that he had ever been involved with.

Q And Mr. Clarke typically was the main person involved in the drafting of findings, is that right, at this time?

A I'm not sure I can say the main person. He was the primary person at our offices in [redacted] who had the most expertise on that subject.

As you probably know, we have a lawyer who resides at headquarters who also has expertise in that area. So that is why I'm distinguishing between somebody at our main offices in [redacted] as opposed to the very few lawyers that we have at our main headquarters building.

Q And at that time that was Mr. Mayerfeld, this other individual; is that right?

A Correct.

Q . And that was someone whose work Mr. Clarke supervised, is that right?

A I'm not sure that you could -- he had no formal supervisory responsibilities for Mr. Mayerfeld.

Q In any event, Mr. Makowka is told by Mr. Sporkin that he is going to do the initial work on drafting a finding, is that right?

A That's my recollection.

Q And then what happens?

A Then we all leave, with the exception of Mr. Makowka.

Q And was it your understanding that Mr. Makowka was to finish drafting a finding overnight?

A I'm not sure that I would say that he was to finish. I think the expectation was, maybe unsaid, but the expectation was Mr. Sporkin wanted to begin looking at language by the following morning. And so the expectation was Mr. Makowka would pen the paper and have something for Mr. Sporkin to begin dealing with the next day.

Q What happened on this subject the following morning?

A I don't have any recollection of that. I understand there was a meeting. I can't remember being involved in that. I have no recollection of being involved. I may have but I don't have any recollection of it.

MR. CAROME: Can we mark this No. 2 and 3.

(The documents were marked Deposition Exhibit ED Nos. 2 and 3 for identification.)

BY MR. CAROME:

Q Mr. Dietel, I show you what has been marked as Exhibit 2. It is stamped "Draft" at the top and appears to be a draft covert action finding. And I ask if you have ever seen that document before?

A I've seen documents that resemble this.

Q Do you recall seeing that on Tuesday, November 26th?

A No.

Q If I could just go back to the meeting the night before among the four lawyers.

A Um hum.

Q What was said on that subject about the subject of hostages?

A I can't associate that subject being discussed that night. I just don't have a recollection of that being discussed.

Q Did it seem at that meeting among the four lawyers that Mr. Sporkin had additional information about what was going on above and beyond that that he had received from the two briefers?

A , I didn't have that impression.

Q I will show you what has been marked as Exhibit 3. It is a two-page document. One is a memorandum dated November 26th for Admiral Poindexter, and it is signed by William J. Casey, and attached to it is a covert action finding. And I ask if you have seen that document before; and if so, when you saw it first?

A I have seen this document. I have no recollection of seeing it in 1985. My recollection is seeing it sometime in the November-December time period in 1986.

Q Exhibit 1, Exhibit 2 and Exhibit 3 -- all contain references to the ratification of acts that had already taken place. Do you recall any discussion on that subject either on the evening of November 24th or at any other time?

A That was a subject of discussion. Exactly when the ratification theory was first brought up, I have no specific recollection. It was in that time period discussed with the idea that that might -- that might be a legal theory to support that which had already occurred.

Q Is it possible that that subject was discussed on the evening of November 25th?

A It's possible.

Q Do you have a recollection whether or not it was?

A No.

Q What was said on the subject of ratification when it was discussed? Whose idea was it?

A I have no recollection of an individual proposing the idea. The discussion of a theory is -- would be whether or not it would have any legal validity.

Q And what was said on that point?

A I think those that were involved in the discussion agreed that it may have a legal basis and there would be no harm in trying to use that as a theory to cover that which had already occurred.

Q And when you say cover, what is the purpose or effect of the ratification?

A I'm sorry, I don't understand your question.

Q What was the purpose or effect of including a ratification clause in the finding?

A Well, the theory was that the President not only could approve that which is going to occur but that which had occurred. And that was the legal basis on which the ratification theory was proposed.

Q You said that the subject of notification of Congress was raised either at the first meeting among the four lawyers or around that same time. Do you recall what was said on that subject once it finally was out on the table?

A My only recollection was that, as I've already explained, that that would have to be a decision that only the President could make.

Q Was there any discussion to the effect that this was an instance where notification properly ought not to be made?

A I have no recollection of that kind of discussion occurring.

Q What is your first recollection of anything having to do with this arms-to-Iran matter after the meeting among the four lawyers on the evening of November 25th?

A The only other recollection I have was at some point thereafter Mr. Sporkin may have described subsequent events at a meeting or meetings which I was in -- which I was present. I can't be any more specific than that. I have no way to pinpoint when that might have been, but the best I can recall it would have been in the next month or two.

Q That would be December of '85 or January '86?

A Correct.

Q And what do you recall Mr. Sporkin saying on this subject?

A I don't have a vivid recollection of any specifics. As I've already mentioned, it may have been that in the later meeting or meetings he may have been more specific in terms of numbers and the fact that I may now have that confused with the November 25th, 1985 briefing.

I can't be any more helpful than that because I just can't sort out the details of those specifics and precisely when I learned them.

Q Let me see if I can sort out a few things. Did you ever find out or were you ever told or did you ever learn that the finding that you had discussed in late November had been signed?

A Yes; but that was in the November 1986 time period.

Q And in November '86 you learned that the finding had been signed, is that right?

A I learned that a finding had been signed.

Q Did you connect that with the November '85 finding?

A I learned in the November 1986 time period that John McMahon had written a memo of the record on, I believe, the 5th or so of December reporting that he had been told that a finding was signed.

Q Do you recall --

MR. CAROME: Why don't I just mark that memo as an exhibit?

(A document was marked Deposition Exhibit ED No. 4 for identification.)

BY MR. CAROME:

Q Mr. Dietel, here is what has been marked as Exhibit 4, and I ask if that is the memorandum you are speaking about?

A It appears to be.

Q Did you see that at around the time it was written?

A No.

Q You didn't see that until November 1986 or so, is that right?

A Correct.

Q In paragraph 3 of that Exhibit 4 there is a reference to -- "He informed me later that night that a finding would be required," referring to Sporkin.

Does that refresh your recollection as to whether or not a phone call was made to McMahon that evening?

A I have no recollection of him calling McMahon that evening. I'm not disputing that there may have been a phone call, I have no recollection of one.

Q In any event, in the late '85, early '86 time period you did not hear anything about a finding being signed; is that right?

A I have no recollection of that in that time period.

Q In the January 1986 time period, were you aware that additional findings were being drafted and/or signed?

A I only knew, without any great importance being placed on it, that Mr. Sporkin was at the White House working on this general subject. I'm not sure I can be any more specific in my recollection than that.

Q Do you understand that Mr. Sporkin was working with Oliver North at that time period?

A I'm not sure I knew the particular participants at the time. I cannot identify any specifics that would lead me to that conclusion that were associated with the January 1986 time period.

Q Were you contemporaneously aware that two lawyers in the Office of General Counsel, a Mr. Roseman and a Mr. Call, were working on a draft finding on the subject of Iran in very early January 1986?

A I'm not sure I knew that at the time, and certainly didn't focus on it. They would have been the logical persons if Mr. Makowka would have been absent. Certainly Mr. Roseman.

Q During 1986 and before November 1986, were you aware that the Central Intelligence Agency was involved in shipments of missiles and other military hardware to Iran?

A Repeat the time period you're interested in, please.

Q At any time prior to the public disclosure of the Iran episode, during 1986.

A During 1986? Was I aware?

Q Of any shipments involving the CIA of missiles or military equipment to Iran.

A Only what we've been discussing.

Q Only what you learned about in November, is that what you're saying?

A No. I said that there were further discussions over the next several months about this general matter. I do not recall with any greater specificity when that might have been, only to have a fairly certain recollection that it was over the next two months or so.

Q Prior to the public disclosure of this episode we've been discussing did you ever learn anything relating to the subject of diversion of funds from the Iranian arms transactions to anyone?

A No.

Q When Mr. Sporkin left the Agency to go to the Federal bench and he was succeeded by Mr. Doherty, do you know whether or not Mr. Doherty was briefed at all on these Iranian arms transaction issues?

A No.

Q You don't know whether or not he was?

A I do not know whether he was or not.

Q Did you ever discuss these matters with Mr. Doherty?

A Subsequent to the public disclosures?

Q Prior to the public disclosures? Let me ask you that first.

A I have no recollection of any such discussions.

Q What was your involvement after the public disclosure of the Iranian arms transactions in the CIA's response to the disclosure?

A My first involvement was I was called on a weekend, I guess it was the weekend of 20-something November, and asked to come to the Agency and explain my recollections to several people that were in the General Counsel's Office; and among those people were Mr. Doherty, Mr. Makowka, Chuck Cooper from the Department of Justice, one of his employees, and there may have been others in the room.

Q Do you recall the date of that meeting?

A No. I could guess. It must have been over the weekend of 22-23 November. I believe that was the weekend.

Q That would have been following Director Casey's testimony on the Hill on the subject?

A I guess it would have if that occurred on the 21st. Did that occur on the 21st?

Q I believe it did.

Prior to Director Casey's November 21st testimony on the Hill, were you involved in discussions about what had transpired in the area of the Iranian arms transactions?

A I may have been. I don't have a specific recollection of those discussions or involvement at this point.

Q Returning for a moment to the January 1986 time frame, do you have any recollection of hearing of the involvement in these matters of Richard Secord?

A No.

Q Do you recall any discussions on whether or not the Iranian arms transaction should include a third-party agent or a middleman or a commercial cutout?

A My only recollection about the term "third party" was in my mind I had it associated with Israel.

Q What do you mean by that?

A That is, that that was a term being used for their participation.

Q At what point do you understand or do you recall that subject coming up?

A In the November 1985 time period. It was private parties. Private parties.

Q And that was language included in the finding drafted over November 25th and 26th, is that right?

A Yes.

Q Do you recall why that language was included in the finding?

A My recollection was to minimize any political sensitivity in terms of that country being involved in this effort. That's my recollection.

Q So that third parties or private parties will be referred to rather than the country of Israel?

A That's my recollection.

Q Did it occur to you at the time that that was a somewhat misleading description of the way the transaction was being structured?

A No, it didn't.

MR. FEIN: Would third parties include Al[redacted] Schwimmer?

THE WITNESS: The word "third parties" was not used.

MR. FEIN: Private parties?

THE WITNESS: I don't know -- I don't know of that individual. I don't know who that is.

MR. FEIN: He was a private businessman in Israel who, in conjunction with Ghorbanifar, initiated the Iranian arms deals with the United States.

THE WITNESS: Well, I ~~had~~ have no recollection of that name.

BY MR. CAROME:

Q Am I correct that you never saw any of the findings that were drafted or signed in January '86 on the subject of Iranian arms transactions until the story broke in the press?

A I can't say I never saw a draft of the finding. I certainly never saw one that was signed until, until the time you're speaking about; that is, until after it broke in the press. I never saw one that was signed. I can't say I never saw one of these drafts somewhere along the way in the November time period.

Q I was speaking of the January 1986 time period.

A I have no recollection of seeing or being associated with specific language of drafts in the January time period at all.

Q Do you recall at any time in the discussion of this matter Mr. Sporkin directing that no copies of the finding or findings be kept at the Agency?

A I have a very vague recollection of that type of instruction in November 1985.

Q Do you recall that type of instruction having been given with respect to any other finding that you've known about, or is this unique in that respect?

A I don't know of any other such instruction, but I'm not an expert on all the findings nor have I seen any great number of them or been involved in them. So I can't say one way or the other that this is unique, or would be unique.

Q Is there any institutionalized manner in which someone at the CIA monitors a finding for which there has been a Presidential instruction that there be no notification of Congress for the purpose of deciding when it is that Congress should be notified?

A Not to my knowledge.

Q Is there any person who has that responsibility at the Agency?

A Not to my knowledge.

Q Aside from the particular shipment or shipments of missiles that we have already discussed, do you know whether or not the CIA's Office of Legal Counsel been called upon for advice on the subject of delivery of military hardware and military materiel to Iran by the CIA proprietary airline?

A Repeat the question, would you, please?

Q Aside from the matters of shipments to Iran that we have already discussed, do you know whether or not the

Office of Legal Counsel has been asked for advice on deliveries by these -- the or a CIA proprietary airline of military materiel to Iran?

A I do not.

Q You're not familiar with that subject coming up other than in the context we've been discussing about this morning?

A I'm familiar with the subject coming up. Whether it came up in terms of our office being involved in requests for opinions on the subject is one I'm not familiar with, those kinds of requests. I am vaguely familiar with the fact that there may have been some other support that the proprietary did only after learning about and reading what has been in the press and been part of our own internal investigation.

What I'm not -- what I'm trying to answer for you is whether or not I knew of any legal requests coming in on those subjects contemporaneous with the events occurring, which I understood was the point of your question, and I do not know of any such.

Q What has been discussed on that subject more recently?

A Oh, I have some vague recollection that there were either requests for or support to the May flights, but this is all information that's either been in the press or in investigations. I have no contemporaneous recollections of any of this at the time the events were occurring.

[redacted]

MR. CAROME: I'm just about done.

(A document was marked Deposition Exhibit ED No. 5 for identification.)

BY MR. CAROME:

Q Mr. Dietel, I show you what has been marked as Exhibit 5, it is a page out of Stanley Sporkin's desk calendar, at least that's what I understand it to be, and for the date November 25th, 1985.

There is a 2:30 entry and I'm having difficulty reading the subject of the entry, and I'm wondering if by any chance you can help me with what that says.

A 2:30 entry?

Q Yes. It looks like it flows into 2:45, what is written.

A It says, "Meeting with the DDCI re homosexuals, 10 minutes."

Q Okay. Do you know what that refers to? Do you know whether or not that has anything at all to do with the Iran transactions?

A I do not.

MR. FEIN: That was another flaw in Ghorbanifar's character.

MR. CARONE: Actually, I had no idea that that's what that said, but now that you read it that's what it looks like.

I don't have any other questions.

MR. BARBADORO: I have some. Do you want to ask yours?

MR. FEIN: I just have one question.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. FEIN:

Q In your experience was it unprecedanted that a middleman of the type of Secord and Hakim would sell arms that were obtained from the CIA at a so-called profit or mark-up as a part of their covert operations?

A I don't have enough experience with all the kinds of things we do in this area to make a judgment. I have no -- I have no other example of that happening. I know of no such example of that happening.

MR. FEIN: That's all I have.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. BARBADORO:

Q Mr. Dietel, what did you do to prepare yourself for this deposition today?

A I did nothing.

Q You didn't review any documents?

A No.

Q You didn't discuss this, your proposed testimony with anyone?

A That's correct.

Q You didn't discuss it with Mr. Sporkin or with anybody at the Central Intelligence Agency?

A I did not discuss it with Mr. Sporkin. I discussed it with these two gentlemen coming down in a very general way, nothing in particular about any particular events.

Q Do you keep a calendar of your meetings?

A I have a calendar.

Q And you didn't review that calendar before coming down here today?

A I did not.

Q Do you ever make notes of any meetings that you attend?

A I do.

Q Do you know whether you made any notes of any of the meetings that have been referred to in this deposition today?

A I do.

Q Did you keep those notes?

A I didn't make any notes.

Q Oh. I misunderstood.

A You asked if I knew if I made any notes.

Q Thank you for being so precise.

You did not make any notes of any of these meetings?

A I did not.

Q Do you keep working files on subjects that are of concern to you?

A Yes.

Q Did you keep any files on these matters?

A No.

Q Could you describe for me what your job entailed when Mr. Sporkin was General Counsel?

A Yes. When he became General Counsel I continued to function as the second deputy in the office, which I had been under the previous General Counsel, and the title of that job was the Associate Deputy General Counsel, and the function of that official or that officer was to be the managing attorney in the office, to be responsible for the management of the office in personnel matters, making sure we had the right staffing and it was distributed correctly, and spending a lot of time on management issues.

I continued in that capacity as Associate Deputy General Counsel until the then Deputy General Counsel was reassigned to another position in the Agency.

Q When was that?

A In the spring of '82, I guess. And at that point I assumed the job of the Deputy General Counsel, but continued to spend most of my time on the same issues I had as the Associate Deputy General Counsel; that is, as the managing attorney in the office.

Q And you continued in that role during the entire time that Mr. Sporkin was General Counsel?

A Correct.

Q How frequently did you meet with Mr. Sporkin?

A Very frequently.

Q What is the proximity of your office to his?

A Next door.

Q Do you each have your own secretary?

A Correct.

Q Do you feel that you had Mr. Sporkin's trust?

A Yes.

Q Did Mr. Sporkin keep you informed of what was going on in the office?

A Generally.

Q Were there things that Mr. Sporkin was involved in that he would deliberately not tell you about?

A Not to my knowledge. You need to understand that there's two important facts. I spent most of my time on matters that I was responsible for solving; and, two, I had to be prepared to be the Acting General Counsel when he wasn't there.

Now he was not absent very frequently, so I did not have to spend much time making sure that I knew how to deal with a particular matter in his absence. He traveled very little and he was there 99 percent of the time, so I did not concern myself with this second responsibility as much as I would have had he been absent more frequently.

Q It strikes me that your memory about these events is spotty, to say the least.

A It is?

Q Is there any document available that would be helpful to you in refreshing your recollection that you have not reviewed?

A Not to my knowledge.

Q Did you play any role in [redacted]

A I have [redacted] primarily when Mr. Sporkin either wasn't available or was absent; and that being very infrequently, I didn't routinely do that. I didn't

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review them necessarily on their way to him. In other words, I wasn't the filter.

Q You anticipated my next question.

A I wasn't the filter of everything that went to Stan Sporkin.

[redacted]

Q Have you ever met or spoken with Colonel North?

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A Never.

Q Have you ever spoken with Charlie Allen?

A Yes.

Q Did you speak with Charlie Allen during the fall or winter of 1985?

A No.

Q Did you ever see Colonel North visit Mr. Sporkin at his offices?

A No.

Q Did you ever see Charlie Allen visit Mr. Sporkin's offices during the fall or winter of 1985?

A Not that I can recall.

Q Your first memory of having any knowledge or association with the Iran arms initiative was on November 25, 1985, then; is that right?

A Correct.

Q And I just want to review that day briefly with you to find out what you can remember and what you can't remember.

You can remember being asked to sit in on a meeting with Stanley Sporkin sometime on the evening of the 25th; correct?

A Correct.

Q And you remember that that meeting was attended, in addition to you and Mr. Sporkin it was attended by two members from the CIA [redacted]?

A Correct.

Q And you do not remember the names of the two individuals?

A I do not remember the names of the individuals.

Q And you remember that the meeting was called because Mr. McMahon had expressed some concern to Mr. Sporkin about something that had happened at the CIA during the previous weekend?

A . Correct.

Q You can remember that that something had something to do with the use of a CIA proprietary?

A Correct.

Q And that that something concerned the use of the proprietary to transport missiles?

A Correct.

Q Do you recall learning that that concern about the proprietary and the missiles -- strike that.

Did you learn about the missiles before the meeting from Mr. Sporkin or during the meeting from the [redacted] officials?

A I can't recall that fine distinction. I can't recall whether Mr. Sporkin described what he knew or had been told when he asked me to come to the meeting. I have no way to sort that out.

Q You cannot remember whether any reference was made to the National Security Council during the meeting; correct?

A I have no recollection of that reference.

Q And you cannot remember whether Colonel North's name was mentioned during the meeting; correct?

A Correct.

Q You cannot remember whether Richard Secord's name was mentioned during the meeting?

A Correct.

Q You cannot remember whether the subject of hostages was discussed during the meeting?

A No. But I want to make sure that I'm clear that it's my recollection that the subject of hostages was discussed in this time period. I can't be precise as to whether or not that subject was mentioned at the meeting because the meeting was focused on what these two [redacted] people knew that had transpired in terms of the shipment itself. That was the focus of the meeting, what had actually happened in terms of their knowledge of what had been shipped and where and so on.

Q So you think hostages were discussed at some point that day but you don't remember whether it was discussed during this meeting?

A That's correct.

Q Do you remember whether anybody said where the missiles were transported from and to by the proprietary?

A I can only describe to you again my reconstructing my recollection in November '86. And my recollection was that -- I have the recollection of being told that missiles were taken to Israel, off-loaded and other missiles in their place were substituted -- if you will, traded -- and those then were taken to Iran. That's my recollection.

Q So that I'm clear, you're saying that the CIA proprietary was used to transport missiles from somewhere to Israel and that those missiles were off-loaded and that other missiles were loaded onto the proprietary and that then the proprietary was used to transport those missiles from Israel to Iran?

A That's my recollection.

Q And you recall that being discussed at this meeting with you, Mr. Sporkin and the two members from the CIA[redacted]?

A That's the best I can reconstruct what was described at that meeting.

Q You do not recall what kind of missiles were being shipped, do you?

A I didn't, I didn't -- and I'm not a missile expert, and I'm not sure if I was told I would know one from the other. I don't have a recollection.

Q Do you recall whether they were missiles manufactured in the United States?

A No.

Q And you don't recall whether the missiles were transported from the United States to Israel, do you?

A As I've already said, I have no recollection of the origin of that original shipment to Israel. It may have been discussed, I just don't remember.

Q Do you remember whether there was any discussion about what the purpose of this shipment was?

A Not at the meeting.

Q Do you recall any discussion about who had authorized the use of the proprietary?

A No.

Q And you don't recall any discussion at the meeting about obtaining overflight clearances?

A No.

Q And you don't recall any discussion at the meeting about Dewey Clarridge?

A No.

Q Immediately following this first meeting there was a second meeting with you and Mr. Sporkin; correct?

A Correct.

Q And that was attended by Mr. Makowka and Mr. Clarke?

A Correct.

Q And the purpose of that meeting was to review what you had learned during the previous meeting and to determine whether the activity required a finding?

A What should be done, I would characterize it.

Q Okay. And at this second meeting a conclusion was reached that the activity that was described to you required a finding; correct?

A That was our legal judgment; yes.

Q Do you know, do you remember who it was that first came to that conclusion?

A I don't remember that.

Q In any event, you recall that it was your conclusion as well as the conclusion of the other lawyers who were at that meeting?

A Correct.

Q Could you tell me why you thought a finding was required here?

A Because this activity was not an intelligence collection activity. It was something other than that, and it seems to me that's what the language of the statute that establishes the requirement for a finding mandates.

Q If the CIA proprietary were used to transport oil drilling equipment from, let's say, hypothetically, the United States to Spain. Would that require a finding, in your judgment, if it were done solely on behalf of people unconnected to the United States?

A Probably not.

Q In fact, the proprietary is used all the time by private parties to haul any number of things, and a finding is not obtained; correct?

A That is correct.

Q If the proprietary were used to fly something into Iran by private parties or by other governments other than the U.S., and it were totally unconnected to any U.S. initiative, would you have concluded that a finding were required?

A I'd probably want to know what was being transported.

Q If it were something other than missiles or military equipment, if it were oil drilling equipment, for example, would you have felt that a finding would have been required?

A I'd probably have to look into whether or not there were any other restrictions on dealing with that country or not.

Q Again, my assumption is still that these are parties unconnected with the United States Government that are going to use the proprietary. Would that make a difference in your mind?

A Yes.

Q Would you say that if the people who are using the proprietary to transport equipment to Iran were totally unconnected with the United States Government that it would not require a finding?

A No. I would want to know if there were any restrictions on dealing with that particular country. In other words, if there were restrictions on trading with that particular country, I don't believe that we could sanction, knowingly at least, our proprietary doing that for private parties.

Q Okay. You were aware in 1985 that there were restrictions on the sale of U.S. military equipment to Iran by any country, weren't you?

A I was not.

Q You were not? All right.

Well, tell me, in this case what -- what I'm getting at with these questions is to try to determine what it was in your mind that caused you to come to the conclusion that a finding was required in this case since you do not recall any discussion about the U.S. Government being connected in any way to this initiative --

A The U.S. Government was connected with this initiative.

Q -- other than by the use of the proprietary.

A That's enough.

Q Could you explain to me what it was that in your mind triggered the requirement of a finding here?

A Our Agency was involved in supporting this activity.

Q Let me give you an example. Our search of your records have shown that the proprietary was used [redacted] and there was no finding obtained.

Would you say that that was a violation of law?

A I can't make a judgment on that without doing some research in terms of what the restrictions are in terms of dealing with Iran. I don't know the answer to --

Q Well, in your mind what was the difference between what I've just described to you and the shipment, [redacted] using the CIA proprietary, and the shipment in November of missiles which you concluded required a finding?

A I guess there was some understanding, and I can't be any more specific than saying it in that way, that this was part of a Government-supported program. In other words, it was not some, merely some private party shipping apples somewhere.

Q And it was a Government-supported program in some way more than merely having the proprietary used; correct?

A Correct. In other words, it was not some private party getting apples in Washington and shipping them to Iran.

Q I'm doing this to try to jog your memory because it seems to me that there must have been some discussion at this meeting about how this was in some way more of a Government operation than merely the use of the proprietary.

A What meeting are you speaking of?

Q I'm speaking of the second meeting on November 25, 1985, where you concluded that a finding was required.

A I can't be more helpful to you, other than to say I think it was clear at that point that the activities were in support of a Government effort with respect to the hostages. It was a Government effort. It wasn't some just private parties trying to get the hostages out.

Q So by the second meeting, you are quite sure that the subject of hostages did come up?

A At least in that day-or-so time period.

Q Well, if it --

A I understand what you're asking but --

Q If it played a role in your decision that a finding was required, it had to have come up at least by the time of this meeting; correct?

A I understand. Yes.

Q And you would agree, then, that it must have come up, wouldn't you?

A It must have come up.

Q And it was your understanding, then, wasn't it, that this initiative involving the transportation of missiles in some way was connected with the release of the hostages in Lebanon?

A Um hum.

Q Can you give me any more information about how you thought it was connected with the release of hostages in Lebanon?

A I just don't have any other specific events or matters of discussion that I can share with you. I don't have any recollection that's that specific.

Q How about general? Is there anything else that you can tell me about how this exchange of missiles was connected with the release of hostages?

A Well, that was to me a primary or certainly a major aspect of this whole activity. Now precisely when -- I can't be precise in terms of when we discussed or focused on that particular aspect of the activity.

Q Did you understand that this was in some way a United States Government effort to gain the release of the hostages?

A Um hum.

MR. BARBADORO: Just for the record, his answer is yes.

BY MR. BARBADORO:

Q Correct?

A Yes.

MR. FEIN: Could I just interject?

Why did you reach ~~that~~ the conclusion if the arms were shipped out of Israeli inventory? Why wasn't this an Israeli effort to gain the release of the hostages?

THE WITNESS: That was simply a trade. That was simply a trade.

MR. FEIN: What was a trade?

THE WITNESS: That is, missiles from United States stocks were being substituted for those that were eventually going to Iran. That was my understanding.

BY MR. BARBADORO:

Q Do you have any idea whether anything was said about who in the United States Government was supporting this initiative?

A No, I have no recollection of that.

Q Is it fair to say it was not your understanding that it was a CIA initiative? Because then there's no question that a finding would have been required; correct?

A That's correct. Yes. It's my recollection that this was merely in support of, CIA was merely facilitating and assisting.

Q In an effort by some other part of the United

States Government with this initiative?

A Correct.

Q Do you recall anything further at the second meeting about the form in which this finding would be drafted, what would be in the finding?

A No.

Q And you have already testified you have no recollection of Mr. Sporkin actually sitting down and dictating a draft of a finding at the meeting?

A No.

Q You don't recall whether there was any discussion at the meeting about the finding applying retroactively to activities that had already occurred?

A I have no recollection of that being discussed; it may have been.

Q And do you have any recollection --

A It was certainly discussed either that evening or the next day. I do recall being present when it was being discussed.

Q Who was discussing it?

A Whoever was present at the meeting. I can't be --

Q Okay.

A I can't be specific in terms of when it was discussed and therefore I can't, obviously, say who discussed it.

Q I'll represent to you that -- on a slightly different subject -- that I took Mr. McMahon's deposition a couple of days ago. Okay? And in that deposition Mr. McMahon said that his concern as to why a finding might be required was that the proprietary had been used, but that when Mr. Sporkin returned and told him a finding was required, Mr. Sporkin told him it was not the use of the proprietary but the use of the CIA to obtain overflight clearances that was the event that required a finding.

Does that in any way refresh your memory as to whether overflight clearances were discussed at this meeting?

A No. I mean, it's in McMahon's memo, but I am telling you I don't have any recollection of being involved or even knowing about the issue of overflights until I got involved in this in November of 1986 and having access to McMahon's memo. I never seen it before and never had the occasion to even know that this was an issue or had been an issue over the previous weekend, apparently.

MR. BARBADORO: If we can go off the record for just a second.

(Discussion off the record.)

MR. BARBADORO: Back on the record.

BY MR. BARBADORO:

Q When did you first see the finding that was drafted in November?

A I can't recall but wouldn't dispute that I may have seen it Tuesday, the 26th of November. I can't recall sitting down with a piece of paper or being involved in meetings on that day.

Q Are you reasonably certain that you saw it sometime in November or early December of 1985?

A I'm not reasonably certain of that.

Q So you think you might have seen it at some point but you're not sure?

A That's correct.

Q The finding is in front of you and it refers to actions by private parties -- is that the phrase that is used there?

A That's correct.

Q And your understanding is that "private parties" made reference to the government of Israel; is that right?

A Correct.

Q Can you tell me anything about how you came to that understanding?

A I have the recollection that Israel's involvement was very sensitive, and I have the recollection that it might be appropriate not to directly refer to that in the finding. And it's a vague recollection; I can't remember precisely when that might have been discussed but I assume it was very early on.

Q The finding in front of you does not refer to the desire of the U.S. Government to open up relations with Iran as one of the purposes of the finding.

A Um hum.

Q Do you recall any discussion during this November time frame about the desire of the U.S. Government to open up relations with Iran as one purpose for the activity for which a finding was required?

A Not specifically delineated as such.

Q Well, if you want to expand on that, please do.

A I don't have any recollection of that being a point of discussion at the time period you're talking about.

Q Okay. Either general or specific, you have absolutely no recollection of that being discussed?

A No, no recollection at all.

Q After that finding was prepared, or since you don't know -- you have no specific recollection of the fact that it was even prepared --

A Correct.

Q After that meeting on November 25 when do you next have a recollection of Mr. Sporkin raising this issue with you?

A My recollection can't be precise in terms of time, other than to say I believe it to be over the next two months; that is, December '85 or January '86.

Q Did Mr. Sporkin ever tell you whether this finding had been signed?

A Not to my recollection.

Q Did anybody ever tell you that this finding had been signed?

A I came to learn of the signing or not signing of various findings in the November-December 1986 time period, but not before.

Q And during the month of January 1986 did you know anything about findings on the Iran arms sale being prepared within your office?

A I cannot recall any events that associate my being involved or knowing about it in that time period.

Q So you have no memory of any findings being drafted in your office during the January 1986 time period?

A No.

Q Have you ever --

A Other than to include that I have a recollection of Mr. Sporkin attending meetings at the White House related to this general matter.

Q Did he ever tell you what these meetings were about?

A He may have.

Q You can't remember whether he told you or not?

A Well, I've already told you that I have a recollection of learning of these continuing events over the next couple of months, and I've already mentioned to you I may have the fact of the 2,000 number confused in terms of time between the original November 25 meeting and events that occurred over the next two months.

Q But do you have any memory of Mr. Sporkin telling you anything about what he was doing going to the White House in January of 1986?

A I don't think anything other than what I've shared with you already.

Q Have you ever discussed this matter with Dewey Clarridge?

A I don't believe so.

Q You are aware that Mr. Clarridge's testimony about these events is that in the November time frame he thought that oil drilling equipment --

A Yes.

Q -- had been shipped?

A Yes.

Q Do you recall any reference made to the use of the proprietary to ship oil drilling equipment in this November 1985 time frame?

A No.

Q And you have no knowledge of anybody in the Office of General Counsel discussing this issue with Mr. Clarridge in the November-December '85 time frame?

A No.

MR. BARBADORO: That's all I have.

MR. CAROME: I have a couple of other things.

FURTHER EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. CAROME:

Q Just to clarify what you recall being told on November 25th by the [redacted] people, you recall being told that it was a newer type of missile that was being brought into Israel by the proprietary and that the proprietary was bringing out of Israel an older type of the same type of missile; is that right?

A Um hum. Those facts were told to me in what I now believe to be that original meeting.

Q How did Mr. Sporkin handle his transition out of the Office of General Counsel? Did he brief Mr. Doherty on what was going on?

A I was not present at any such briefings.

Q Are you aware of whether or not he did something along those lines to bring Mr. Doherty up to speed?

A No.

Q Did he have any briefings with you to sort of tell you some things that you ought to know now that he is going to be gone?

A No.

UNCLASSIFIED

MR. CAROME: I don't have anything else. Thank you very much for coming and speaking with us.

(Whereupon, at 12:18 p.m., the deposition was concluded.)

UNCLASSIFIED

UNCLASSIFIED

From [redacted] shorthand notes, 25 November 1985

I have been briefed on the efforts being made by private parties to obtain the release of Americans held hostage in the Middle East. I find it in the national interest to provide whatever assistance necessary to assist in that endeavor. Accordingly, I am directing the CIA to provide whatever assistance it can to those private parties in their attempt to achieve the release of the Americans held hostage. Such assistance is to include the provision of transportation, communications, and other support necessary to achieve this important objective. I understand that as part of these efforts certain foreign material and munitions may be provided to the Government of Iran which is taking steps to facilitate the release of the Americans held hostage.

Because of the extreme sensitivity of this operation, in the exercise of my constitutional authorities I order the Director of Central Intelligence not to brief the Congress of the United States as provided for in section 501 of the National Security Act of 1947, as amended, until such time as I may direct otherwise.

This written finding ratifies all actions taken by U.S. Government officials in furtherance of this effort.

(1116)

Partially Declassified/Released on 22 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

32,466

UNCLASSIFIED

C11D 1354

TOP SECRET [redacted]

UNCLASSIFIED

DRAFT

Finding Pursuant to Section 662 of the Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I have been briefed on the efforts being made by private parties to obtain the release of Americans held hostage in the Middle East, and hereby find that the following operations in foreign countries (including all support necessary to such operations) are important to the national security of the United States. Because of the extreme sensitivity of these operations, in the exercise of the President's constitutional authorities, I direct the Director of Central Intelligence not to brief the Congress of the United States, as provided for in Section 501 of the National Security Act of 1947, as amended, until such time as I may direct otherwise.

SCOPE	DESCRIPTION
Hostage Rescue - Middle East	The provision of assistance by the Central Intelligence Agency to private parties in their attempt to obtain the release of Americans held hostage in the Middle East. Such assistance is to include the provision of transportation, communications, and other necessary support. As part of these efforts certain foreign material and munitions may be provided to the Government of Iran which is taking steps to facilitate the release of the American hostages. All prior actions taken by U.S. Government officials in furtherance of this effort are hereby ratified.

Partially Declassified/Released on 25 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5224

DEPOSITION EXHIBIT
ED #2

The White House
Washington, D.C.

Date:

UNCLASSIFIED

C-11N1118

TOP SECRET [redacted] [illegible] 032.52

UNCLASSIFIED

Director of Central Intelligence
Washington D C 20505

26 November 1985

MEMORANDUM FOR: Vice Admiral John M. Poindexter, USN
Deputy Assistant to the President
for National Security Affairs

SUBJECT: Presidential Finding on Middle East

Pursuant to our conversation this should go to the President for his signature and should not be passed around in any hands below our level.

WJCasey
William J. Casey

Attachment:
As stated

Partially Declassified/Released on 26 Jul 87
under provisions of E.O. 12356
by B. Reger, National Security Council

CL BY 0008074
RVW OADR

~~TOP SECRET~~ [redacted]

2869a

CIIN #102 UNCLASSIFIED

UNCLASSIFIED

Finding Pursuant to Section 662 of the Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I have been briefed on the efforts being made by private parties to obtain the release of Americans held hostage in the Middle East, and hereby find that the following operations in foreign countries (including all support necessary to such operations) are important to the national security of the United States. Because of the extreme sensitivity of these operations, in the exercise of the President's constitutional authorities, I direct the Director of Central Intelligence not to brief the Congress of the United States, as provided for in Section 501 of the National Security Act of 1947, as amended, until such time as I may direct otherwise.

SCOPE	DESCRIPTION
Hostage Rescue - Middle East	The provision of assistance by the Central Intelligence Agency to private parties in their attempt to obtain the release of Americans held hostage in the Middle East. Such assistance is to include the provision of transportation, communications, and other necessary support. As part of these efforts certain foreign materiel and munitions may be provided to the Government of Iran which is taking steps to facilitate the release of the American hostages. All prior actions taken by U.S. Government officials in furtherance of this effort are hereby ratified.

The White House
Washington, D.C.

Date:

Partially Declassified/Released on 26 Jul 87
under provisions of E.O. 12356
by B. Reger, National Security Council

28696

UNCLASSIFIED [redacted]

ER TS0188 85
CY___of___CYS

CIIN #103

~~SECRET~~ UNCLASSIFIED

7 December 1985

EXHIBIT
DRC-12

MEMORANDUM FOR THE RECORD

SUBJECT: NSC Mission

1. On Saturday, 23 November 1985, Ed Juchniewicz asked me if I was aware of all the activity transpiring on the effort to get the hostages out. He showed me a cable to [redacted] asking that we pass a message to the charge from the Deputy Assistant to the President for National Security Affairs. The message assured the charge that only the Secretary of State and Ambassador Oakley were aware of the operation. I told Juchniewicz that I was unaware of the specifics of the operation but due to the sensitivity of the operation, it was appropriate that we pass correspondence between the NSC and the ambassadors overseas, but only communications, that we could not be involved without a Finding.

2. On Monday, the 25th of November, while visiting the Office of the DDO, [redacted] was present and had given Clair George a Spot Report on a flight that [redacted] had made in support of the NSC mission. I went through the overhead pointing out that there was no way we could become involved in any implementation of this mission without a Finding. Mr. Juchniewicz explained that we did not make the arrangements. When General Secord visited the Agency he tried to get leads on airlines that might be available to move equipment to the Near East in a secure fashion. We told him we did not have any such airlift capability. However, Mr. Juchniewicz said it was pointed out to General Secord that there was a commercial airlift that might do it owned by [redacted] General Secord then took it from there and made arrangements for a flight on a strictly commercial basis.

3. Somewhat distressed at this turn of events, I immediately informed our General Counsel after confirming with Dewey Clarridge our involvement. I instructed the [redacted] personnel to immediately go over and brief the General Counsel and so advised the General Counsel at 6:15, the evening of 25 November. He informed me later that night that a Finding would be required, not so much from the airlift standpoint, but from our involvement in influencing foreign government officials to assist the mission. A Finding was prepared the next day. The Finding was cleared with the Director who called McFarlane and Don Regan to ascertain that indeed this had Presidential approval and to get assurances that a Finding would be so signed. After repeated calls to NSC personnel on 27 November and during the week of 2 December continuously receiving reassurances of the President's intent to sign the Finding, we were notified on 5 December that indeed the Finding was signed. The President directed us not to inform Congress for the reasons of the safety and secure release of the hostages until he so directed.

3576

Partially Declassified/Released on 17 AUG 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

[illegible] 32,535

C11N 1124

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CL BY [illegible]
DECL OADR

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4. (On 25 November, the Ambassador in [redacted] cabled the Director personally [redacted] noting that Ambassador [redacted] would like to talk to the Director on the telephone. In response, I released a cable to the Ambassador assuring him that the operation that he had been briefed on by the DCM was initiated by the National Security Council but suggesting it would not be wise to attempt to reactivate our request to get [redacted] approval.)

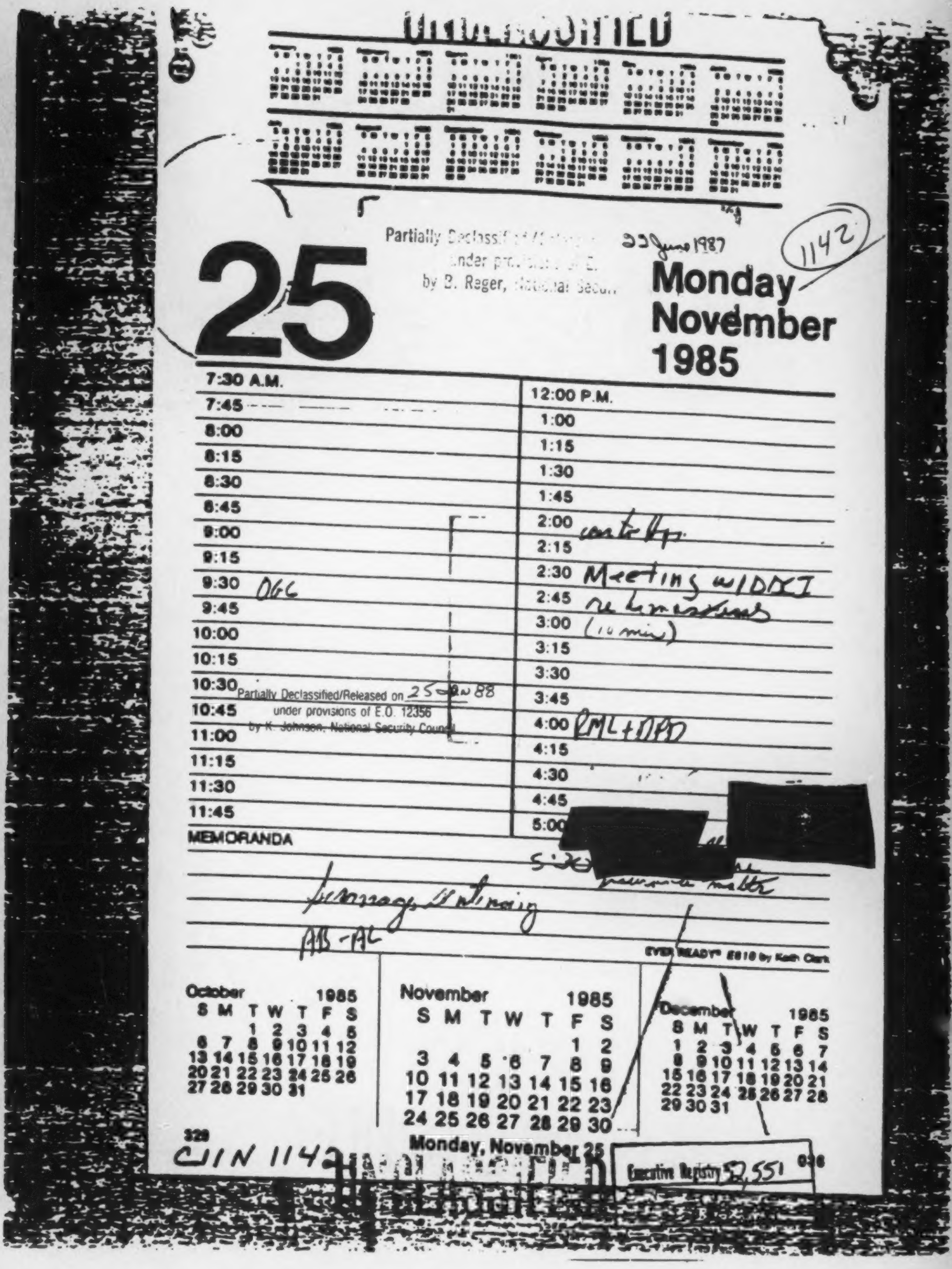
John N. McMahon

CIIN 1124

UNCLASSIFIED

~~SECRET~~

Executive Registry 32 533



UNCLASSIFIED

Partially Declassified/Released on 23 June 1987
under provisions of E.O.
by B. Reger, National Security Council

(1142)

25

Monday
November
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Partially Declassified/Released on 25 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

12:00 P.M.
1:00
1:15
1:30
1:45
2:00 conta Kp.
2:15
2:30 Meeting w/DDCI
2:45 re hostages
3:00 (10 min)
3:15
3:30
3:45
4:00 RML + DPD
4:15
4:30
4:45
5:00 [redacted] [redacted]

MEMORANDA

S [redacted] matter

[illegible]

AB - AL

EVER READY™ E810 by Keith Clark

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December						1985
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329

CJIN 1142

Monday, November 25

Executive Registry 52,551

036

UNCLASSIFIED

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HSITS-142/87

RPTS DOTSON

DCMN GLASSNAP

DEPOSITION OF FATHER THOMAS DOWLING

Tuesday, August 4, 1987

U.S. House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 10:05 a.m., B-352, Rayburn House Office Building, Thomas Fryman presiding.

Present: Thomas Fryman, on behalf of the House Select Committee.

Henry J. Flynn, on behalf of the Senate Select Committee.

James E. Kaplan, on behalf of the Senate Select Committee.

Also present: Frank W. Dunham, Jr., on behalf of the Witness.

4A of 4

Partially Declassified/Released on DEC 17, 1987
under provisions of E.O. 12356
by D. Sirko, National Security Council

UNCLASSIFIED

SECRET

4009

Whereupon,

. FATHER THOMAS DOWLING,

was called for examination by Counsel for the House Select Committee to Investigate Covert Arms Transactions With Iran, and having been duly sworn, was examined and testified as follows:

. EXAMINATION BY COUNSEL FOR HOUSE SELECT COMMITTEE

. BY MR. FRYMAN:

. Q Would you state your full name for the record please?

. A Thomas Francis Dowling.

. Q What is your occupation?

. A I am a priest and also an executive director of Latin America Strategic Studies Institute.

. Q In what church are you a priest?

. A The Old Roman Catholic Church.

. Q Does that go by any other name?

. A Old Catholic.

. Q What is the distinction between Old Catholic Church and the Roman Catholic Church?

. A Papal authority, it put it simply. The Old Catholic Church is not under the aegis of the Vatican. Its primacy is in Ultrecht in Holland.

. Q Is there a head of the Old Catholic Church comparable to the Pope in the Roman Catholic Church?

. A No. The See of Honor would be something like the Episcopal or Anglican situation where Canterbury would be the See of Honor, but not necessarily a See of Authority.

. Q Approximately how many members does the Old Catholic Church have in the United States?

. A Approximately, the last I have seen, and this is an approximation, is around half a million.

. Q And approximately how many members worldwide?

. A Possibly a million. Mainly--the rest of them would mainly be in Europe. Actually, I take that back. Several million, because there is some in Brazil. In fact, I understand there may be as many as two million independent Catholics in Brazil.

. Q Is this church also known as the Celtic Catholic Church?

. A The Celtic Catholic Church is an independent Catholic Church that would derive--its bishops would derive its validity of orders from the Old Catholic line, so, yes. Although it's just a small group within the, under the generic term ''Old Catholic''.

. Q Are you a part of the Celtic Church?

. A Not now.

. Q You were at some point?

. A I worked with them for several years, yes.

. Q What years?

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. A From about '78 or '79 until '85, I believe.

. Q When you say you worked with them, what do you mean by that?

. A I was always under the tutelage of the archbishop, Archbishop Verostek, who ordained me.

. Q But you had an association with the Celtic Church as well?

. A That is correct, yes.

. Q Could you describe that association?

. A I actually had a small parish in San Francisco under their authority where we practiced the Keltic Right.

. Q But you remained under the direction of Archbishop Verostek?

. A Yes. Because he was my ordaining prelate, and we had an arrangement.

. Q What sort of arrangement?

. A Well, that I would work with the ~~K~~Celtic Catholic Church but beyond his, I guess you would call it, general jurisdiction. But, specifically, I worked with the ~~K~~Celtic Catholic Church.

. Q When were you ordained?

. A '75.

. Q Do you remember the date?

. A November 15.

. Q And where was this?

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. A In San Francisco.

. Q What church?

. A Trinity Episcopal Church.

. Q Were you ordained as an Episcopal priest?

. A No, under the Old Catholic Church by Archbishop Verostek.

. Q What is the relationship between the Old Catholic Church and the Episcopal Church?

. A They were simply using part of the church for services on a particular basis, this particular Episcopal Church. In Europe, there has been inter-church union for a long time.

. Q But between members of the Episcopal Church and the Old Catholic Church?

. A Yes.

. Q Do you go by the title Father Dowling?

. A Yes, correct.

. Q Where do you presently reside, Father Dowling?

. A In San Francisco; [redacted]

. Q What is your present employment? You mentioned you work for the Latin America Strategic Studies Institute. Do you have a church at the present time?

. A I am associate pastor at a church in San Pablo, California, Saint Monica's Old Catholic Church.

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. Q Would you characterize that as a full-time job?

. A No.

. Q How much time do you spend there?

. A If I am in the area, which I have been lately, I practice. I have Sunday services and do some counseling, but it is not by any means, at this moment anyway, it is not a full-time job.

. Q How many members are there in that church?

. A In the parish itself, about 25 to 30 members.

. Q Is there another priest?

. A Yes.

. Q Who is that?

. A Father William Arvogast.

. Q Is he the priest in charge of the parish?

. A Yes. He is the pastor.

. Q And you consider yourself associate pastor?

. A That is correct.

. Q Are there any other associate pastors?

. A No.

. Q Do you have an affiliation with any other church at this time?

. A No, I don't.

. Q Now, do you still come under the direction of Archbishop Verostek?

. A Yes.

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. Q What is the address of the church, Saint Monica's?

. A I don't have the number exactly. It is on [redacted] [redacted] San Pablo.

. Q P-a-b-l-o?

. A Yes. California.

. Q What is your date of birth?

. A August 19, 1947.

. Q And your social security number?

. A [redacted]

. Q Where did you obtain your undergraduate degree?

. A I went to the University of San Francisco in San Francisco.

. Q Did you obtain a degree?

. A I obtained a degree through Saint Patrick's Seminary.

. Q Do you have an undergraduate bachelor's degree?

. A Yes. They add it onto the theology courses. I was a couple courses short when I left USF, so the bachelor's degree is actually awarded.

. Q When were you at USF?

. A '65, roughly, to '69.

. Q And you left a couple of courses short of--

. A I was a couple, yes, about two I think, two courses.

. Q Was there any reason you did not finish?

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. A It was just a matter of not getting all the units in.

. Q And you went to Saint Patrick's?

. A Saint Patrick's Seminary, yes.

. Q Where is that?

. A Menlo Park, California.

. Q When did you begin there?

. A The fall of '69.

. Q And you obtained a degree there?

. A Yes.

. Q When did you obtain that degree?

. A In '74.

. Q And what degree?

. A A Master of Divinity.

. Q And you also obtained a bachelor's degree?

. A Yes. It may have been actually through the--there was a college attached in Mountain View by the same name.

. Q Is Saint Patrick's Seminary a seminary of the Old Catholic Church?

. A No.

. Q What--

. A Roman Catholic Church.

. Q It is a seminary of the Roman Catholic Church?

. A Yes.

. Q Were you raised as a Roman Catholic?

. A Yes.

. Q Was it your intention to become a Roman Catholic priest?

. A When I entered Saint Patrick's, yes.

. Q Why did your plans change?

. A Well--let's see, that is a real subjective question. I think there was a lot of turmoil in the church at the time. My own sense of what the church, what was going on in the church radically changed through my seminary training, and when I left the seminary, I was given the option by the Old Catholic Church in early 1975 to pursue orders with them. It wasn't a radical departure from Catholicism, in my opinion.

. Q Did you have the option to become a Roman Catholic priest?

. A Yes. I was never thrown out or expelled.

. Q What is the relationship between the Roman Catholic Church and the Old Catholic Church?

. A Well, the Catholic Encyclopedia, which I spent some time reading lately, defines the Old Catholic Church as a church with valid orders, something like the Orthodox Church, the Eastern Orthodox Churches. That is the status the Roman Church gives it. It's technically not in union or not in union with Rome, but, in other words, the actions of an Old Catholic priest are considered to be valid actions sacramentally, just as the actions of an Eastern Orthodox, Russian Orthodox, Syrian Orthodox would be considered to be valid actions sacramentally.

. Q Did you have to go through some procedure to be received into the Old Catholic Church?

. A Yes. It was just a small ceremony.

. Q Did that constitute a break of your ties with the Roman Catholic Church?

. A I would say the active ordination was the final, was probably more of a break.

. Q In your capacity as a priest of the Old Catholic Church, is it your understanding that you can perform any services on behalf of the Roman Catholic Church.

. A Not in the normal order of things, no.

. Q What order of things could you perform such service?

. A Canon 844 of the Roman Catholic Canon Law, Section 2, states that a priest in valid orders can in an emergency situation or in a situation where there is no regular Catholic, Roman Catholic priest attending to the Catholics, then a priest of valid orders, a priest in valid orders, it's permissible for Roman Catholics to attend that service and receive the sacraments.

. Q It is your understanding a priest of the Old Catholic Church is a priest in valid--

. A Absolutely.

. Q Would that be true of an Episcopal Church?

. A That gets questionable.

. Q What is the difference?

. A There's a debate, I would say a dialogue, going on right now between the Roman Church and the Anglican Church over that issue. There was a papal announcement, a rather strong one, around 1890 by Leo XIII where he declared Anglican Orders to be null and void. Since then there has been a lot of progress, and I would think the average priest considers the orders are probably valid.

. To my knowledge, there has not been an official statement made regarding Old Catholic Orders.

. Q And just for the record, what is the official statement that you are referring to?

. A It's in the Catholic Encyclopedia, another official--the Almanac, the Catholic Almanac, the official Roman Catholic Almanac. And I believe in that statement by Pope Leo XIII, there was a specific statement to the validity of Roman Catholic Orders, but I am not sure of that.

. Q Have you ever served in the military?

. A No, I have not.

. Q Beginning with your graduation from Saint Patrick's Seminary in 1974, would you just list the positions you have

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held in the church chronologically?

A Sure. I was first attached to--there was an Old Catholic parish in San Francisco, Saint Justin's, attached to Trinity Church where I was ordained.

Q What years were those?

A '75 through--well, through summer of '76, and then we set up, several groups set up an ecumenical chapel at the Council of Churches Building, and I was involved in that for about a year and a half, two years.

Q So that is about '76?

A I would say the middle of '76.

Q To '78?

A Yes, '78, correct.

Q And that was your only church affiliation?

A Yes.

Q An ecumenical chapel?

A Yes. Several groups used to participate. There was a Presbyterian group. The aegis was controlled by the Council, San Francisco Council of Churches.

Q And then after that?

A I set up an ecumenical mission in the Tenderloin of San Francisco called Saint Andrews. And it was mainly geared for older people, the elderly. At that time, particularly, there were thousands of indigent elderly in the Tenderloin, and we had services, weekly services. I ran

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bus trips--in fact, one year I spent a year doing counseling in one of the hotels in the Tenderloin.

. Q What year was that?

. A I think '79.

. Q 1978-1979?

. A You mean the mission?

. Q The period.

. A '78 to approximately '81, early '81.

. Q Did you have an affiliation with any other church during that point?

. A Well, at that time I started to work the Celtic Catholic Church also. In probably early '79.

. Q Is that the parish you described earlier?

. A Well, the mission, yes, the mission was in the Tenderloin.

. Q We were talking about Saint Andrews in the Tenderloin?

. A That is correct.

. Q We were also talking earlier--

. A No. No, no.

. Q If you would just then--during the period you were associated with Saint Andrew's in the Tenderloin, were you associated with any other church?

. A No, I was not.

. Q You were with Saint Andrews from '78 to '81?

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A That is correct.

Q And after that what?

A We continued Saint Andrews, but I moved it to a Presbyterian Church where we shared facilities, the Seventh Avenue Presbyterian Church. In other words, I broadened the outreach from being in a rather--in the Tenderloin to a more residential area of San Francisco.

Q Was that move in 1981?

A That was in '81, yes.

Q How long did you continue there?

A Through '84, actually.

Q And in that approximately three-year period, was that your full-time occupation?

A No. I also worked with the San Francisco Chamber of Commerce for several years in that period, '81-'82.

Q what were you doing there?

A I was the neighborhood business representative.

Q Any other church affiliation?

A During that period, no.

Q And then after 1984, what church affiliation did you have?

A Well, '86--'85 I was doing a lot of house Masses. We kept Saint Andrew's alive as a community by going around to several house Masses, particularly among Nicaraguan people. I got invited to do several house Masses, and we

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would do them on a regular, if possible, a regular period of time. There was a retired Roman Catholic priest who helped me out when I wasn't around.

. Q But this was still as a part of your work with Saint Andrews?

. A That is correct, yes.

. Q And that goes through '85.

. A Pretty much, yes. Yes.

. Q What after that?

. A Then I joined up with Saint Monica's as associate pastor right around January--I think it was early '86.

. Q Now, other than your church activities, you mentioned working for the San Francisco Chamber of Commerce?

. A Yes.

. Q You mentioned the Latin American Strategic Studies Institute.

. A That is right.

. Q What other professional activities have you had?

. A I also worked in the travel business during the late '70s for the local travel company, Gray Line.

. Q Gray Land?

. A Gray Line. The same as they have here.

. Q What did you do there?

. A I was in sales.

. Q Any other business activity?

. A No.

. Q What did you do for the San Francisco Chamber of Commerce as a neighborhood business representative?

. A I would represent the Chamber. There was concern, particularly at that period of time, over the fact local businesses were not sharing in the wealth, so to speak, and there was a lack of concern for small businesses, so I would go out to the small businesses and try to bring them in, actually get them to be members, if possible, of the Chamber. We worked on all kinds of street cleaning projects, neighborhood restoration types of things.

. Q Have you ever been employed by or have any contact with any intelligence agency--

. A No, sir.

. Q --of the United States Government?

. A No, sir.

. Q You mentioned the Latin American Strategic Studies Institute.

. A Yes.

. Q What is the nature of that organization? Is it a corporation?

. A It is registered in the District of Columbia as a nonprofit corporation. Its purpose is to promulgate information concerning issues in Central America.

. Q When was this founded?

. A In 1985.

. Q Were you the founder?

. A Myself and Cornelius Barrington.

. Q Who is he?

. A He is the Associate Director of the Institute. Research. I would put it more directly, he is in charge of the research library. We have developed quite a library on Central America.

. Q Is this a full-time occupation for him?

. A It has been, yes.

. Q What did he do before?

. A He was a management consultant.

. Q With what firm?

. A I am not sure. He had something called, this is Health Management Services or--he was in health care anyway.

. Q What had your prior association with Mr. Barrington been?

. A I had worked with him briefly on developing a jobs program for the indigent in San Francisco.

. Q Was Linda Guell involved in the founding of the Latin American Strategic Studies Institute? Which I guess is also known as LASSI, its initials.

. A Yes.

. Q Was she involved with LASSI?

. A Yes.

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. Q In what capacity?

. A She offered a shell corporation, Western Legal Foundation, which was inactive at the time, to us, to reinstate it as LASSI.

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. Q Was the name changed?

. A Yes.

. Q So it really--I don't want to be technical about this, but the organizational structure was in place before 1985, and there was a name change, is that correct?

. A And a board change, et cetera. Place. Well, not place so much as just a board change, name change.

. Q Now, when the name was changed to LASSI in 1985, who became members of the board?

. A Myself, Cornelius Barrington, and Father Leonard Smith.

. Q Who is Father Smith?

. A He is a retired Roman Catholic Priest living in San Francisco.

. Q Were there officers of LASSI as well?

. A Yes.

. Q Who were the officers?

. A I am President, Father Smith is Secretary, and Mr. Barrington is Vice President, and we had some changes, so I am not even--he may be Treasurer right now. I don't know what the last papers said. But, anyway, I was President-Treasurer at first, and we may have changed that.

. Q What was the reason for changing this organization that was in existence into this new structure that went under the name of LASSI?

. A Well, it was very simple. Instead of starting out fresh going through the full process of applying for a new organization, when we were offered an existing organization, we just simply took that on.

. Q Let me rephrase my question. What was the reason you needed an organization?

. A Okay. My thinking at the time, and Mr. Barrington's, was that a systematic information network needed to be developed exposing what, in my opinion, and other people's opinions was going on in Central America, particularly regarding Nicaragua, but also regarding economic development in El Salvador, Guatemala.

. Q What were the deficiencies in this regard that you had observed that made you feel there was a need for this sort of organization?

. A Well, I found a tremendous lack of information getting out. If you want to put it on the side of the democratic, what was happening in Central America regarding the development of democracy, the potential for common development, I found there was a tremendous amount of information coming from groups that opposed the Reagan policy, for instance, or the policies of the various governments down there, except, of course, the present government in Nicaragua. And I just felt that if I was going to do anything, it should be systematic, that people needed to get information.

. Q What was the origin of your interests in Nicaragua and Central America?

. A Well, you may or may not know, San Francisco has about 50,000 Nicaraguans, the Bay Area, about 180,000. My interest really developed by meeting several Nicaraguans over the years. It was actually through my work at the Chamber. I met several of them through small businesses, a lot of them have small businesses. And they found out that I was also a clergyman and they felt strongly, they invited me to a few meetings of some groups they started, the committees, or ad hoc things, and they were sort of feeling very forlorn, particularly around '83 or '84, that their point of view was not getting out.

. Q So your interest in the region grew out of this contact?

. A That is correct, yes.

. Q And you began reading publicly available information?

. A That is true. Books, you name it.

. Q And you concluded that there was a shortage of information--

. A That is correct.

[redacted]

. Q --from a particular point of view?

. A That is correct.

. Q And you began LASSI in order to meet this need?

. A That was basically the reason, to put it in a systematic way, yes. I certainly didn't--

. Q Now you say Linda Guell turned this existing organization over to you. I think that is a fair phrasing of what you said?

. A Yes.

. Q Did she continue to have any association with it?

. A She stayed on to help us with the books, accounting procedures, et cetera.

. Q Was she an officer?

. A No.

. Q Was she a board member?

. A No.

. Q Was she an employee?

. A On a consulting basis, yes.

. Q Did LASSI open a bank account?

. A Yes.

. Q What bank?

. A Sovran Bank in Alexandria.

. Q Any other bank accounts?

. A Yes. We had an operational account in San Francisco.

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. Q What was the reason for an account in Washington, D.C. if you and Mr. Barrington and Father Smith were all in San Francisco?

. A Well, our intention, if things had gone the way we had planned, was to actually have a Washington office and work--I mean, I realized very early on if we are going to disseminate information that this is the information capital of the world probably.

. So I had absolute plans to develop a Washington presence.

. Q Were the Washington bank accounts or bank account and the San Francisco bank account opened at the same time?

. A Approximately, yes. I think they were opened--it was the early part of '86. I am not sure of the exact dates.

. Q What bank was the account in San Francisco?

. A The Hybernia Bank.

. Q You described that as an operational account?

. A Well, in the sense that we did some public document stuff. For instance, we put out something called Misconceptions of Facts Regarding Nicaragua, and we actually put them out in San Francisco.

. Q Did you receive funds from LASSI? Did you receive a salary?

. A I received expenses, and I received a minimal

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salary, yes.

. Q Was that paid from the Sovran Bank or the Hybernia Bank account?

. A There was--well, the only expenses were--I would say Sovran. Sovran. When I say salary, income which I was clearing.

. Q Did you consider the Sovran account the more significant of the two accounts, the larger account?

. A Yes, yes.

. Q Do you know Adolfo Calero?

. A Yes.

. Q How did you meet him?

. A I met him in San Francisco at one of these ad hoc committees the Nicaraguans put together.

. Q When did you meet him?

. A It was sometime in February of '84.

. Q This was before you established LASSI?

. A Oh, yes.

. Q Do you recall who introduced you?

. A It was at a meeting. I may have even gone up and introduced myself. He was a speaker at a meeting in San Francisco.

. Q Did you talk with him for a period of time?

. A No, not at that meeting. Maybe shook hands with him.

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. Q Did you see him on other occasions in '84?

. A Yes. I think he came out to San Francisco in June, and there was an ad hoc committee set up to organize the trip to San Francisco.

. Q Were you a member of that committee?

. A Yes, I was.

. Q Do you know why you were selected for that committee?

. A I am not absolutely sure, but I suspect it was because of my having been in contact with several people in the Nicaraguan Community and also they knew I had had some contact with the business community in San Francisco.

. Q Did you spend time with Mr. Calero in connection with your work on this committee?

. A In June?

. Q Yes.

. A Not really, no. It was partly a social trip for him, too.

. Q Did you have other contacts with him in 1984?

. A Yes. One more in September. He came out again to San Francisco.

. Q What was the purpose of that trip?

. A That was to speak to the Commonwealth Club. No, wait a minute, I could be ahead of myself. It was to speak to several groups of people anyway. I am not sure it was the Commonwealth Club. Several service organizations anyway.

Q Were you involved in the planning for that?

A I did some help, yes. We also had a church service that he--well, he actually didn't attend it because he was late.

Q Did you have any further contact with Mr. Calero in 1984?

A No, sir.

Q So you met him in February for the first time?

A Right.

Q And then he made two other trips, one in June and one in September?

A Right.

Q Did you receive any money from Mr. Calero in 1984?

A No, sir.

Q So all of the work you were doing was on a volunteer basis?

A Absolutely.

Q Now, turning to 1985, did you see Mr. Calero at any time in 1985?

A Yes. I saw him in January of '85.

Q What was that occasion?

A He had invited me down to the camps [redacted] [redacted] and I saw him in Miami--yes, in

Miami--and met him [redacted] later on that week, toward the end of January. I am not sure exactly when it was.

. Q He paid for your trip?

. A Yes, he did.

. Q How was that paid?

. A I believe through his credit card, the flight.

. Q What about your other expenses?

. A He gave me a couple, a few hundred dollars in traveler's checks. It was a rather minimal amount.

. Q Did he give you any other payment other than to cover expenses for that trip?

. A No, sir.

. Q How long was that trip?

. A Maybe ten days.

. Q And did you accompany Mr. Calero on the trip, or did you meet him [redacted]

. A I met him

. Q Who accompanied you on the trip?

. A It was one of the Nicaraguans from Miami. I think it was a gentleman by the name of Jose Tefel.

. Q Any American accompany you?

. A No, sir.

. Q Did you meet any Americans on that trip?

. A I briefly met Congressman McCollum [redacted]

. Q Anyone else?

. A Well, when I went to the camps, it seems like there were several Americans.

. Q Did you meet Rob Owen?

. A I met Rob Owen at the Miami Airport for like five minutes. I was introduced to him.

. Q By whom?

. A Adolfo Calero.

. Q Do you know what Mr. Owen was doing there?

. A I do not. That was my first encounter, I had never met him before.

. Q Was it a chance encounter?

. A I believe so. That was my impression.

. Q Was it your impression that Mr. Calero's meeting with him was a chance encounter?

. A It seemed like it was.

. Q They just passed each other?

. A Yes, exactly. He was going some place, I think he was going to Washington, I was going [redacted] I don't know where Rob Owen was going.

RPTS LYDA

DCMN DANIELS

[11:30 a.m.]

MR. FRYMAN: Back on the record.

BY MR. FRYMAN:

Q Father Dowling, before the break, we were talking about your trip with Mr. Calero [redacted] in January 1975. You indicated that the trip lasted approximately ten days.

A Correct.

Q Your expenses were paid, but you received no other compensation for the trip?

A Correct.

Q I believe we were talking about what you considered a chance encounter with Rob Owen in the Miami Airport as you were leaving [redacted] is that correct?

A That is right.

Q What did you do on this ten-day trip?

A I went into the camps [redacted] and had a religious service [redacted]

Q What else? [redacted]

A I went to [redacted] it seems to me, [redacted] I was taken over there [redacted]

. Q What [illegible]

. A I was introduced to lots of people [redacted] and also taken out to the place called [redacted] which was like a cam[redacted]

. Q Anything else?

. A I was at the U.S. Embassy briefly.

. Q Who did you meet there?

. A I met maybe for five minutes with the ambassador.

[redacted]

. Q Did you meet anyone else?

. A Again, Congressman McCollum.

. Q Anyone else?

. A Nobody that I can remember. There were several staff people, but nobody I can remember.

. Q What else did you do on this trip?

. A Well, I went [redacted]

. Q What did you do there?

. A That was mainly a visit to a very elderly Nicaraguan gentleman, [redacted] I stayed with him. I did meet with some ~~Mosquito~~ meskito Indians [redacted]

. Q What did you understand the reason that Mr. Calero was taking you to Central America and paying your expenses for this trip?

. A Well, one of them was to have a religious service because he said there had been no religious services in there for six or seven or eight months. He knew I had an interest in the subject and he wanted me to see first hand.

. Q So you understood he was flying you from San Francisco to Central America to perform mass?

. A That is correct.

. Q That was the principal purpose of your trip?

. A That is all we talked about, right.

. Q Did he know you were not a Roman Catholic priest?

. A Yes.

. Q Was he a Roman Catholic?

. A Yes.

. Q Do you speak Spanish?

. A At that time, I certainly did not.

. Q Did you perform the mass in Spanish?

. A Yes, I got through it by studying the phonetic system and having whatever was not essential done by others.

. Q Did Mr. Calero ever indicate why he particularly wanted you to perform this mass?

. A No.

. Q He didn't give you any indication why he couldn't find a priest who was geographically closer than you?

. A As I found out subsequently, there have been tremendous problems with that simple fact, that they have not been able to get priests who were geographically closer.

. Q Do you know if he tried to get a priest in Miami, for example?

. A I think they have been constantly trying to get priests to go in there.

. Q Did you have any discussion with Mr. Calero about the fact you were not a Roman Catholic priest?

. A I believe I mentioned it to him, but I said I have valid orders and I asked him when the last time was that a Roman Catholic priest had been in there and he said it had been a long, long time.

. Q Was it your understanding that the persons who attended the mass were members of the Roman Catholic Church?

. A My understanding was that they were members of all kinds of churches. There is a very large Protestant Evangelical community among the contras, very large.

. Q And they participated in the mass?

. A We did not have communion because there were [redacted] people. The mass was just said. There was no giving out of communion because it would have been logistically impossible.

. Q Did you have any further contact with Mr. Calero in 1985 after this trip in January?

. A Yes, I did.

. Q What was the next contact?

. A I met him again in Washington, D.C. before Easter of that year. It was the latter part of March or the early part of April.

. Q Did you come to Washington to meet with him?

. A Yes.

. Q How did he contact you? Did he call you in San Francisco?

. A We had a couple of phone conversations, maybe two in February and March. I mentioned to him that I was interested. He mentioned to me after the trip, I should say, would I occasionally speak on the issue. I thought about it and said that I would.

. Q He mentioned this in the phone conversations?

. A Yes.

. Q Then he asked you to come?

. A He may have said something about it when I met him. Just before I left Central America, I met him briefly down there. He had come in.

. Q And he asked you to come to Washington to meet with him in March or April?

. A Yes. I may have suggested the actual meeting because I said, ''Well, I would like to talk to you!''

. Q Did he pay your expenses?

. A Yes, he paid for the air fare.

. Q How did he pay for that?

. A His credit card.

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. Q Did he send you a ticket?

. A No. I used his credit card number at a travel agency.

. Q He had given you his credit card number?

. A That is correct, yes.

. Q Was it an American Express card?

. A That is correct; Yes, sir.

. Q How long did you stay in Washington?

. A It was not longer than a week. I would say possibly six days.

. Q And he paid your expenses here?

. A Actually, no, he did not that particular week. I believe Western Goals had put me up in a hotel.

. Q At that time, was Western Goals an organization run by Linda Guell?

. A Correct.

. Q What did you do during this week in Washington?

. A I met with Calero once or maybe twice and I met several people. I met Mr. Metamorris. I met Mr. Owen.

. Q What did you understand was the reason they wanted you here for a week, they being Calero and Guell?

. A There was no real decision that I needed to be here for a week. I suggested that Calero and I needed to talk if I was going to do any speaking on what I saw was going on in Nicaragua or in Central America.

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. I just felt that I needed to talk. There was no decision that I needed to stay a specific amount of time.

. Q How much time did you spend with Calero during this trip?

. A Not much. We had a few basically pretty perfunctory meetings.

. Q Less than an hour?

. A At most, maybe an hour or an hour and a half, I would say.

. Q Did you talk about your proposed speaking engagements?

. A Yes.

. Q Anything else?

. A That was it, yes.

. Q Did he give you any money during this trip?

. A No, he did not.

. Q How many other times did you see Mr. Calero in 1985?

. A Numerous, numerous.

. Q More than ten?

. A I would say so, yes.

. Q At some point in 1985, did you begin to be compensated by Mr. Calero?

. A I was compensated for expenses, yes, sir.

. Q Nothing else?

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. A That is correct.

. Q Were you performing services for Mr. Calero after this meeting in Washington in the spring?

. A No, sir.

. Q Did you assist him?

. A Maybe you ought to define services.

. Q Did you provide any assistance to Mr. Calero?

. A I thought you meant religious.

. Q No; any assistance.

. A I went out speaking to Rotary Clubs, various organizations. The agreement was that he would compensate me for my travel expenses and the incidentals on the road. I did a lot of traveling in 1985.

. Q How did he compensate you?

. A Traveler's checks.

. Q Did he give you a block of traveler's checks in advance or reimburse you after you occurred the expenses?

. A Essentially it was a reimbursement. I would call him or call his--whoever--in Miami and just say, ''This is what I need.'' It was basically an honor system.

. Q Why didn't you use his credit card number?

. A Well, you can't for anything but airline travel.

. Q Did you continue to use the number for air tickets?

. A Yes.

. Q Now, you say you saw him numerous times after the

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spring meeting during 1985.

. A That is correct.

. Q Were these meetings in connection with speaking tours?

. A Speaking tours or if I was in Washington and he was in at the same time, we would meet. I don't believe I saw him in Miami at all that year, again. We had one tour that we did together, a speaking tour.

. Q Was there any substantive discussion in any of these meetings that you had with Mr. Calero about any matter other than speeches that you were giving or speeches that he was to be giving?

. A Yes; the area of public relations was my major concern. So I would often speak with him personally or on the telephone about the need to have a systematic public relations campaign for their point of view.

. Q What was his reaction to that?

. A Always positive. He agreed, at least in words.

. Q Now, are you aware at some point he retained a firm owned by Richard Miller to do public relations work for him?

. A Yes, but much later in our chronology.

. Q Did that come in 1986 according to your understanding?

. A Yes. I mean that is when I was aware of it.

. Q Have you met Mr. Miller?

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A Yes.

Q When did you first meet him?

A In jogging my memory, I may have met him socially at a party in July 1985 in Washington at former Congressman Kuykendall's office. I was told by him that he met me there, but I met a lot of people--

Q When is your first recollection?

A My first absolute recollection is March of 1986.

Q Who introduced you then?

A Adolfo Calero.

Q A couple of Congressmen have been mentioned this morning. You mentioned Congressman McCollum in connection with your trip [redacted] Was your meeting with him [redacted] a chance meeting that had not been planned in advance?

A Yes.

Q How much time did you spend with him in Central America?

A I joined him to see the camp [redacted] I would not say we were even alone at any one time.

Q Have you had contact with him since that trip?

A Yes.

Q Of what sort?

A Him personally, very little. I have had contact with his staff.

. Q Concerning what?

. A Basically the public relations, the need to get information out regarding Central America.

. Q Who have you dealt with on his staff?

. A Mr. Forrest, Vaughn Forrest, and Mr. Donald Morrissey.

. Q And your contacts with the Congressman have been limited?

. A Just basically hello, how are you. There have been very few conversations.

. Q Now you also mentioned a meeting with former Congressman Kuykendall that you believe was in July of 1985?

. A That is correct.

. Q What was that occasion?

. A There was a party in celebration of the fact that they got the--the humanitarian aid bill had been passed in June of 1985. I was in Washington and I was invited by Adolfo Calero to the party.

. Q On how many other occasions have you met Congressman Kuykendall?

. A In the last two years, three or four, maybe.

. Q What were those occasions?

. A Once I went to see him, after the party at his office, just about getting a program started with LASSI, Latin American Strategics Institute.

. Q What else?

. A Other times would have been informal meetings.

. Q When you discussed the PR program, did you discuss funding for LASSI?

. A Yes.

. Q Did he offer you money?

. A No, sir.

. Q Did you ask for money?

. A I asked him if he could help us raise some funds. Yes, sir.

. Q What did he say?

. A More or less, but nothing came of it.

. Q In describing your meetings with Calero, you have indicated that the frequency of the meetings increased substantially in the latter part of 1985 whereas you had had infrequent meetings in 1984 and infrequent meetings in early 1985, but toward the end of 198~~4~~5, you were seeing him on a frequent basis?

. A I would not say a frequent basis. We did a speaking tour together of Utah, Southern California, and Colorado in September of 1985, so I obviously spent some time with him then. I would not say I met Adolfo that frequently, maybe once a month. It was usually here in Washington.

Q How would you characterize the frequency of your contact with Calero in 1986?

A About the same.

Q Were you involved in speaking tours with him in 1986?

A Not with him personally, but I did do some speaking, yes.

Q Were your dealings with him in 1986 limited to speaking or public relations matters on behalf of the Nicaragua resistance?

A Yes, yes, absolutely.

Q Was he continuing to pay your expenses in 1986?

A He did pay some expenses in the early part of 1986.

Q Did you use his credit card number for plane tickets?

A Yes.

Q Did he send you traveler's checks for other expenses?

A Yes, sir, in the early part.

Q Did he give you any other compensation other than reimbursement of expenses in 1986?

A Yes. There was a check that I declared as income actually or I am declaring as income, $3,000.

Q That was from whom to whom?

A That was to me from somewhere in Miami. The check came from Miami. I am not sure exactly--but it was from him essentially.

. Q What was that for?

. A Basically I needed some money to--I asked him for some money for living expenses at that time.

. Q That was a check to you, not to LASSI; is that correct?

. A That is correct, sir.

. Q Do you know the total amount of traveler's checks that you received from Mr. Calero?

. A I really don't, sir.

. Q Would you estimate that it was in excess of $10,000?

. A It is around that figure. It could be $12,000. I have gone back. I don't have the records of that. I asked him about it and he didn't have the records, so--

. Q Are you familiar with an organization called CAUSA, C-A-U-S-A?

. A I certainly am.

. Q What is that organization?

. A It is an educational organization that is primarily funded by the Unification Church. They have had lots of conferences around the country in the last few years.

. Q Is the Unification Church the church that is headed by Reverend Moon?

A That is correct, sir.

Q Have you had any involvement in CAUSA activities or programs?

A I have been a speaker at several CAUSA conferences.

Q On the subject of Central America?

A That is correct; it is always the subject of Central America.

Q In what period of time did you give these speeches?

A Throughout 1985 and into 1986. I think the last one I gave was in June of 1986.

Q Were you compensated for these speeches?

A I was compensated minimally.

Q So much per speech?

A Basically they would give a couple hundred dollars if you came to speak. It was not much, but it was compensation, yes.

Q Were they speeches in different areas?

A Yes, sir.

Q All in the West?

A Most in the West, yes. I can't think of--I may have given one in Minnesota.

Q Who was the individual in CAUSA that invited you to give the speeches?

A Various individuals. They were divided into regions. Ambassador Sanchez became rather friendly, Phillip

Sanchez, who is the President of CAUSA.

. Q Can you identify him for the record?

. A Yes, he was formerly Ambassador to Honduras and Colombia, Phillip Sanchez, President of CAUSA, USA.

. Q You say he was Ambassador to Honduras?

. A The United States Ambassador, correct.

. Q And he is now the director--

. A The president, that is what he calls himself.

. Q Do you know if Linda Guelle has any association with CAUSA?

. A She had some indirect association with them.

. Q What did you understand that to be?

. A Well, I met her at a CAUSA conference. This is my understanding, I have not seen anything definite, but I think they may have helped her Western Goals at one time, I am not sure.

. Q What is the basis for your belief of that?

. A Her statement to me.

. Q That they contributed?

. A That they contributed, yes.

. Q What was her role in the conference at the time you met her?

. A She was simply there as a guest, as I was.

. Q Are you aware of contributions by CAUSA to LASSI?

. A There have not been any to my knowledge.

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. Q So you are not aware of any?

. A No. There have not been any.

. Q Are you aware of any other contributions by CAUSA to Mr. Calero?

. A No, sir.

. Q Any other organization involved in any way with Nicaragua?

. A No, sir.

. Q Do you know Oliver North?

. A Yes, sir.

. Q When did you first meet him?

. A I met him in June of 1986.

. Q Do you remember the date?

. A The 5th stands out in my memory, but don't hold me to that.

. Q How did you happen to meet him?

. A It was in the basement of the White House.

. Q Who arranged the meeting?

. A It was not an arranged meeting. It was literally a passthrough. He was walking out and we were walking in.

. Q What were you doing in the basement of the White House?

. A I was going to visit Patrick Buchanan.

. Q Had you known Mr. Buchanan?

. A No, sir.

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Q Was this the first time you were going to meet him?

A Yes, sir.

Q Who arranged that meeting?

A Colonel Peno.

Q Who is he?

A At that time he was working at the State Department. He is a U.S. Army colonel, and Mr. William Bodie. They were working for Under Secretary Snyder, I believe.

[Discussion off the record.]

BY MR. FRYMAN:

Q Your first mating with Mr. Buchanan, then, was also approximately June 5, 1986?

A Yes, sir.

Q What had your contacts with Colonel Peno and Mr. Bodie in the State Department been?

A Well, I met them sometime previous to that through Congressman McCollum's office. Actually, I think I met them in Congressman McCollum's office.

Q Was this with Mr. Forrest and Mr. Morrissey?

A I believe it would have been Mr. Forrest. I don't think Mr. Morrissey was working at that time for Congressman McCollum.

Q When was that?

A Probably sometime in 1985.

Q Early 1985? It would have been before June 1985?

A Not necessarily. We are talking June of 1986. It was sometime in 1985. I don't know when really.

Q What was the meeting in Congressman McCollum's office?

A Basically they were just up visiting Mr. Forrest. I came in and we were chatting about some of my experiences and what I thought should be done. They were working closely with the Office of Public Diplomacy at that time in the State Department.

Q Who did you understand headed up that office? Was that Otto Reich?

A It was in the transition period. Somebody by the name of John Blanken, Ambassador Blanken headed it up.

Q And your understanding was that Colonel Pano and Mr. Bodie were associated with that office?

A Yes.

Q And they were meeting in Congressman McCollum's office in connection with their work for that office?

A Yes.

Q What was the subject discussed?

A Mainly we talked about the need to get information out to the general American public. Colonel Pano had a great interest in the Catholic Church in Nicaragua, the persecution and whatever.

. Q Do you know the basis for that interest?

. A He is Cuban and he shared a similar experience, I believe.

. Q He is a Roman Catholic?

. A Yes.

. Q Was there any discussion about the old Catholic Church?

. A No. We didn't really discuss religion per se, but we discussed the relation of the church to the Sandinistas.

. Q This meeting in Congressman McCollum's office was with Mr. Forrest?

. A I am certain it was.

. Q Was the Congressman there?

. A No, sir.

. Q It was you, Mr. Bodie, Colonel Peno, and Mr. Forrest?

. A Yes.

. Q How did you happen to attend this meeting?

. A Coincidentally.

. Q You just dropped by?

. A Exactly.

. Q And that was the first time you met him?

. A Yes, sir.

. Q That was sometime in 1985?

. A It could have been early 1986, but it was quite a bit before June of [illegible], anyway.

[redacted]

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[redacted] did you or LASSI ever receive any funds from the State Department?

A No, sir.

Q In no way that you are aware of?

A Absolutely not. I can state that categorically.

[redacted]

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A At that stage, LASSI would have, well, I was still flying on the credit card in terms of airline use.

Q Mr. Calero's?

A Yes. In terms of expenses here, it would have been LASSI because we were given a grant to do some work for the resistance by IBC in March of 1986, from Richard Miller's organization.

[redacted]

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[redacted]

MR. FRYMAN: Off the record.

[Discussion off the record.]

MR. FRYMAN: Back on the record.

BY MR. FRYMAN:

Q Father Dowling, have you consulted a calendar which refreshes your recollection about the date of the meeting with Mr. Buchanan?

A Yes, sir.

Q What do you believe the date to be?

A The 5th of June.

Q 1986.

A Correct.

[redacted]

Q Who went with you?

A Colonel Peno and Mr. Bodie.

Q This is the occasion where you ran into Colonel North in the basement hallway?

A Correct, sir.

Q Who introduced you to Colonel North?

A Colonel Peno and/or Mr. Bodie. They knew him.

Q What did they say about him?

A They said, ''That is Ollie North.'' I had heard of

Ollie North.

. Q Did you shake hands?

. A Yes, we shook hands [redacted]

. Q How long did that last?

. A It would not have been more than five minutes because we were waiting for Mr. Buchanan.

[redacted]

. Q Was it your understanding that Colonel Peno and Mr. Bodie had an ongoing working relationship with Mr. Buchanan?

. A I don't know if I would say working. I would say they knew him enough to pick up the phone and set up meetings with him. I believe they shared some of the same views regarding Central America.

Q Did you have some understanding about the organizational relationship between the Office of Latin American Public Diplomacy in the State Department and Mr. Buchanan's operation in the White House?

A No, sir. It was never brought up or mentioned in my presence.

Q But it was your understanding that Colonel Peno was able to pick up the phone and talk to Mr. Buchanan if he wanted to?

A I saw him do it.

Q And you saw he was able to set up a meeting with Mr. Buchanan?

A Yes, sir.

[redacted]

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[redacted]

Q Now, in [redacted] this period of time that you had with Colonel North, was there discussion of provision of funds directly or indirectly by Colonel North for you or for LASSI?

A [redacted]

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[redacted] I mentioned I would have to give up, essentially give up LASSI if I didn't get some funds. It was not a direct appeal; I just said we're having problems. Actually I was mentioning that to anybody and everybody I met, not the public officials but people I would normally meet, you know, we needed help or else the thing was going to go under, and Colonel North suggested that I get in touch with him the following week, that he might be able to help.

[redacted]

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[redacted]

Q Now, you say Colonel North suggested that you contact him the next week about--

A Correct.

Q --about funds for LASSI.

A Yes.

Q And you did so?

A I did so, yes.

Q Did you call him, did you meet him?

A I called him and then came in to meet with him.

Q What occurred in the meeting?

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. A I [illegible] short meeting, if I recall. I can't remember too much about the meeting. [redacted] he asked me for the bank account of LASSI, bank account number.

. Q And you gave him the number for Sovran Bank?

. A That's correct, sir.

. Q Did you discuss amounts?

. A No, sir--wait a minute, did we discuss it at that meeting? He may have said--he may have mentioned $5,000. He said there might be--it wasn't anything too definite. He said it might be an increment of $5,000, he would talk and check with the private source.

. Q Is this $5,000 per month?

. A He didn't say exactly per month. He just said there would be increments at $5,000.

. Q Was that amount satisfactory to you?

. A Well, I wasn't asking for any specific amount, to be very frank with you. I was rather delighted to get any assistance from this private source.

. Q Did he identify his private source?

. A Not at that meeting.

. Q Did he later?

. A Yes.

. Q What was it?

A He told me it was the Scaife Foundation.

Q When did he identify it?

A Probably later that month sometime.

Q What discussion did you have with Colonel North about the uses to which LASSI would apply these funds?

A A public relations program.

Q What do you mean by that?

A Arranging for speaking arrangements for myself, furthering the fund-raising ability of the institute, doing white papers on various subjects, setting up a phone where people would call in from around the country and look for specific information regarding Nicaragua or El Salvador, Honduras.

Q Did you discuss the objective of this public relations program?

A It was to affect public opinion favorably toward the Reagan position inside, regarding Central America, or--I would go farther than that; my position was to affect public opinion regarding the evolution of democracy in Central America.

Q Was that with an eye toward influencing the votes of the Congress ultimately?

A Well, I would--if you want to say ultimately, but there was nothing specific mentioned about Congress. Obviously the goal long-range would have involved that.

. Q You say he identified the Scaife--I believe that is spelled S-c-a-i-f-e--Foundation--

. A Right.

. Q --as the source of these funds, in another meeting several weeks later?

. A Yes, sir.

. Q How did the subject of the source of funds come up in this?

. A I might have asked him--I thought about this--I may have asked him, these are legitimate private funds? Nothing I had--I had not received anything at that time, but I said this money we are receiving will be absolutely private funds, and he said yes, of course, they are coming from Scaife.

. Q And did you begin to receive funds?

. A There was a--money was received in the account, I believe the end of June 1986.

. Q Now, you had previously in March of 1986 received $25,000 from Richard Miller's organization; is that correct?

. A Correct.

. Q What do you understand was the reason for that?

. A That was for--to put out ''misconceptions of fact'' and for general upkeep of the institute. That was at Mr. Calero's behest.

. Q Had you met Richard Miller as of March 1986?

A As I testified previously, I may have met him socially at a party, but I had not met him at any business meetings.

Q And your first meeting with him occurred when, again?

A It seems to me it was early March.

Q At the time of the grant?

A Yes.

MR. DUNHAM: That is getting confusing now. He thinks he met him in '85 in a passing kind of way, not to discuss anything of substance, and then met him in March of '86.

THE WITNESS: Correct.

BY MR. FRYMAN:

Q At the time of the grant?

A That's correct.

Q Mr. Calero arranged the grant?

A He suggested that he do that, yes.

Q Then after the meeting with Colonel North where you give him the LASSI account number, am I correct that amounts begin to be deposited into that account?

A Correct, sir.

Q And the initial amounts are in approximately $5,000 increments?

A That's correct, sir.

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Q And it was your understanding that was money that was being deposited pursuant to your discussion with Colonel North?

A Yes, sir.

Q Were you aware that Mr. Miller was involved in the transfer of those funds?

A I became aware.

Q At what point?

A Again, specifically I don't know. Sometime during summer '86.

Q How did you become aware?

A I believe in a phone call with Colonel North or something, his name came up, as you know, if there were any problems with anything like that, Richard Miller was someone to contact.

Q How much money do you understand that LASSI received as a result of your conversations with Colonel North?

A I believe it was a total of 50,000.

Q Following your meeting or your series of meetings with Colonel North in early June of 1986, did you meet with him further during 1986?

A Yes. When, I'm not sure. I may have met him once or twice more during the summer.

Q How many total meetings would you estimate that you

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had with Colonel North after these initial meetings that you have discussed?

A Oh--

Q More than ten?

A After the initial meetings? I don't think so. I estimated--I thought at one time it might have been around a half a dozen. [redacted] It could have been between six and ten.

MR. FRYMAN: Could you read that last answer back.

[The answer referred to was read by the reporter as above recorded.]

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[redacted]

Q [redacted]

you had a number of other meetings with Colonel North in 1986?

A Yes, sir.

Q What were these meetings about?

A Mainly about--I felt very strongly about the need to get the word out to, you know, out of the Beltway, and I just felt people weren't getting the word about what was--what the stakes were in Central America. And I also--a couple of times I may have mentioned to them, at least on the telephone, that LASSI could be very helpful in this educational process, and would be if we were properly funded.

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. Q Am I correct that the general subject of your continued meetings with Colonel North was your public relations effort?

. A And the need for funds in the institute and any ideas he would have.

. Q Let me very briefly cover another subject, and I will come back and we will hopefully wind up before too long.

. You mentioned one trip to Central America with Mr. Calero.

. A Yes.

. Q Have you made any other trips to Central America?

. A Yes, sir.

. Q When?

. A January of '86.

. Q Was that the only other trip or have you made trips--

. A I made one last August.

. Q August of '86?

. A Yes.

. Q Any others?

. A I was down there--[redacted]--in February of this year.

. Q All right. So you have been there a total of four times?

A That's correct, sir.

Q Now, what was the purpose of the January '86 trip?

A I went down there--I went down there with another gentleman, an older gentleman who wanted just to see what was going on, and he went with me. I did have a religious servic[redacted]

Q Who was the older gentleman?

A A man by the name of William Riordan.

Q Who was he?

A He was involved with the Knights of Malta. He had met me and wanted--asked me if I was going down, he just wanted to go with me.

Q He paid for your trip?

A No, sir.

Q Who did?

A At that time it was Adolfo Calero's credit card.

Q Did you see Calero there?

A No, sir.

Q Did you see any other Americans while you were there?

MR. DUNHAM: We are talking about the trip with Riordan?

MR. FRYMAN: That's right.

THE WITNESS: I was a bit out of action at that time. About two days into it I got the winter flu that was going around that year, so I was knocked out for about five days. So I don't recall--no, I don't think so.

BY MR. FRYMAN:

Q How long a trip was this?

A Again, maybe ten days at the outside.

Q Who invited you to perform the religious service?

A I had asked if anybody had been in there since I went in and they said no, there had been no priest at all. So I said, well--it was a year after that. So I said it might be appropriate to go down again.

Q And the second trip was in August of 1986?

A Yes.

Q What was the purpose of that trip?

A Again, I went down with a staff member from Mr. McCollum's office.

Q Who was that?

A Mr. Morrisey, Donald Morrisey.

Q What were you--

A I had not been [redacted] before and he had had an opportunity to go to see things [redacted] and so he suggested--we talked about it and we went to [redacted]

Q Who paid for this trip?

A LASSI, including his part of it.

Q Including Mr. Morrisey's part?

A Yes.

Q What was the purpose of LASSI paying for his part?

A Well, he had no money to go, and I felt we would get--I would get some contacts, particularly in the private sector [redacted] One of my long-range goals for LASSI is to eventually do economic reports.

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. Q What Americans did you meet on this trip?

. A We met some people at the embassy. We met Ambassador [redacted]

. Q Anybody else?

. A Who was the military colonel down there? I can't remember his name.

MR. OLIVER: [redacted]

BY MR. FRYMAN:

. Q Anybody else?

. A Several American military people, because they took us for a helicopter ride out to see one of the rural--one of the rural, I don't know what they call it down there--anyway, where they get food out into the rural communities.

. Q And you say you made a final trip in February of 1987?

. A That's correct.

. Q Who was with you on that trip?

. A Myself. [redacted]

. Q Who paid for that trip?

. A LASSI.

[redacted]

. Q Did Colonel North arrange for you to meet a gentleman in Philadelphia named John Hirtle. I think that is h-i-r-t-l-e.

. A Yes, sir.

. Q Did he also arrange for you to meet a gentleman named Clyde Slease?

. A No, sir.

. Q Did he mention Mr. Slease to you?

. A Yes, sir.

. Q Did he arrange for you to meet a gentleman named Dan McMichael?

. A No, sir.

. Q Did he mention Dan McMichael to you?

. A No, sir.

. Q Did Mr. Slease mention McMichael to you?

. A Yes, sir.

. Q Which occurred first, Colonel North mentioning the name of Mr. Slease or his arranging the introduction with Mr. Hirtle?

. A I really don't know. All I know is that I went up to see Mr. Hirtle in, I think it was early November, something like that, of 1986.

. Q Let's focus on Mr. Hirtle. How did Mr. Hirtle's name come up with Colonel North?

. A As I mentioned earlier, as I testified to, in the conversation I had with him [redacted] I kept mentioning if we are going to do this, we need some serious funding, and is there any--do you know of anybody? And he says, well, there is a gentleman I want you to meet in Philadelphia who has access to speakers involved in the World Affairs Council, et cetera.

. Q And he arranged an introduction?

. A Actually, he game me his number and I called him and then he invited me up to have dinner with him.

. Q And this was in the fall of 1986?

. A It seems to me like it was early November of--yes, I'd say early November of 1986, yes.

. Q Did you meet anyone other than Hirtle?

. A No, sir.

. Q What became of this?

. A Nothing really. We talked vaguely about plans, what needed to be done in terms of--we talked about setting up a speaking tour. That is the one specific thing that came out of it. It never happened, but we did talk specifically about that.

. Q Did Mr. Hirtle tell you about other fundraising efforts he had been engaged on behalf of Colonel North.

. A It seemed to me he mentioned something about an earlier process that, you know, basically about how he was able to make some contacts, and I think he made a comment somebody in--Pittsburgh, was it? I don't know what the guy's name is, but somebody in Pittsburgh.

. Q So you talked about possible fundraising, but I take it from your answer you never got any money as a result of meeting with Hirtle?

. A You got it.

. Q Going back to Slease, you say that North mentioned

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Clyde Slease's name?

. A You know, I'm not even sure of that. Now that I recall, I think the way it happened, Hirtle mentioned Slease and Hirtle had a brief phone call, I had maybe a one-minute phone call with Terry Slease.

. Q What was that about?

. A Just giving me Dan McMichael's number.

. Q Who did you understand Dan McMichael to be?

. A He was with the Scaife Foundation.

. Q This phone call was again probably in November of 1986?

. A Yes, sir.

. Q What did he say McMichael's position was?

. A He didn't have a high position. He didn't say specifically.

. Q What was the reason he was giving you McMichael's number?

. A I was going to make an effort to see if we could get some funding from Scaife for LASSI.

. Q I thought you were already getting funding from Scaife?

. A By that time I began to realize with Miller involved, I had some questions. I had some questions.

. Q What do you mean, you had questions?

. A Well, if it was being suggested I talk with Scaife, the question came to me: why would I--we were already getting the funding. I was somewhat confused at that stage of the game, where the funding was coming from.

. Q Did you speak with McMichael?

. A Eventually. In January of 1987 actually.

. Q What was said in that conversation.

. A We just talked about what needed to be done in terms of public relations. Again, we sympathized, empathized, but basically they said they had no money.

. Q Did you ever receive any contributions as a result of your conversations with Slease and McMichael?

. A No, sir.

. Q In the LASSI account at the Sovran Bank, was that bank account the source of funds for the operating account in service or were funds deposited directly into the San Francisco operating account?

. A That was the source.

. Q All funds originated in the Sovran bank account and then you transferred such funds as needed to San Francisco?

. A That's correct, sir.

. Q Now, in the records that we have obtained from the Sovran Bank as well as from your, or from LASSI, there appears to be total of approximately $93,000 in receipts from January 1986 to May of 1987 of which you have identified $73,000 as coming either from Richard Miller or

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from North, one or the other.

A Yes.

Q There is a deposit of $4,000 in January of 1987. What is the source of that deposit?

A I believe that is from Western Goals. That was a start-up grant to LASSI.

Q That was Linda Guell's organization?

A Yes.

Q There is a further deposit in December of 1986 of $10,000 apparently from the F. M. Kirby Foundation?

A Yes.

Q What is that?

A To LASSI from F. M. Kirby, it was a check.

Q What is F. M. Kirby?

A It is a mall foundation that used to help foundations, and through Linda Guell's advocacy he gave it to LASSI.

Q Is there an individual named F. M. Kirby?

A I believe there is.

Q Have you met him?

A No, sir.

Q Do you know where the foundation is based?

A It used to be somewhere in--New Jersey, something like that.

Q The contact is Linda Guell?

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. A Yes.

. Q In the Sovran bank account there are disbursements of several thousands on occasions payable to the Sovran Bank. For example, the record indicates a disbursement of $10,000 on September 26th, 1986. Do you know what that relates to?

. A It was probably a transfer to, it was probably a check to the operational account.

. Q In San Francisco?

. A I would assume so if it is that large. For us, that is a large sum.

. Q The operational account is at the Hybernia Bank in San Francisco?

. A Yes.

. Q What branch is that?

. A It is Gary and 10th.

. Q The account is in whose name?

. A It would be under Western Legal Foundation, because, actually, at that time the tax papers still said Western Legal Foundation or LASSI. It's slash LASSI. I think that's the way it was.

. Q All right. Did you ever in any way transfer any monies from LASSI directly or indirectly to Oliver North.

. A No, sir.

. Q Have you ever appeared before a Congressional committee?

A Yes, sir.

Q How many occasions?

A Once.

Q When was that?

A I think it was April of 1985.

Q Who arranged that appearance?

A It was one of the staff people on the committee at that time, on the--was the House Foreign Affairs? Or something like that. It was a subcommittee on the Western Hemisphere anyway. It was a staffer.

Q Who put you in contact with the staff person?

A Well, it seems to me I had met the staffer [redacted] when he was down with Congressman McCollum.

Q Do you remember the name of this person?

A I don't, sir. I really don't.

Q The staffer was [redacted] with Congressman McCollum?

A With the trip Congressman McCollum took, yes. He was not one of Congressman McCollum's personal staff. He was somebody on the committee.

Q And how did you happen to be in touch with this staffer?

A Well, he met me crossing the street right by one of the House Office Buildings, and he--through Congressman

McCollum's office, he was able to get in touch with me later on that day and asked me to come over.

. Q To come over and testify?

. A Yes.

. Q Did you have any contact with anyone in the Executive Branch about your testimony before this committee in April of 1985?

. A No, sir.

. Q This wasn't arranged to your knowledge thought the State Department in any way?

. A No, sir.

. Q So far as you are concerned, it was just a chance encounter with this staff person on the street?

. A That's right.

. Q Which led to a call from Congressman McCollum's office and they contacted you?

. A Yes.

. Q What preparation was there for your testimony in April of 1985?

. A Very little. It was done the same afternoon.

. Q Were you part of a panel?

. A No. What happened, it was just a five-minute--I think it was a five-minute timeframe that one of the Congressman had and he turned it over to me to testify on what I say in the camps. So, it was rather short.

. Q Did you identify yourself as a Catholic priest?

. A I think I used the word Catholic, yes. I have not seen the transcript myself.

. Q Is that the way you normally identify yourself, as a Catholic priest, rather than a priest of the Old Catholic Church?

. A Well, I normally identify myself as an Old Catholic or Catholic. When I say Old Catholic without going into it, it generally means people look at the gray hair in my head, and, to be very frank, unless you get into the theological discussions of this thing, it gets a little technical.

MR. DUNHAM: You contend you are a Catholic priest, are you not?

THE WITNESS: I am.

MR. DUNHAM: The others are Roman Catholic priests.

THE WITNESS: Mr. Owen will be testifying like he was there. It wasn't like I was trying to hide anything. I resent some of the things made publicly about my trying to hide it. If I were trying to hide it, why would I be an associate pastor in an Old Catholic Church?

BY MR. FRYMAN:

. Q Was Congressman McCollum present when you testified?

. A No, sir, I don't believe he was--no. As far as I know, he is not on that committee.

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. Q He was not present in the room?

. A No. I don't think he had anything to do with it.

. Q You don't know if he was aware that you were going to testify?

. A I don't think so.

. Q Okay. I want to ask you about several individuals.

. A Sure.

. Q Rob Owen, you mentioned you met him at an airport in Miami. Have you met him on other occasions?

. A Yes. I met him in March and April of 1985, and possibly May. I think the last time I saw Rob Owen was May of 1985. And I actually stayed at his apartment for a couple of days in April of 1985.

. Q What was the reason for that?

. A Well, the obvious reason for Washington, not spending $150.00 a day in a hotel. He just said it was available if I wanted it, and I said, thanks.

. Q What other contacts have you had with Rob Owen.

. A Outside of that, none, really.

. Q Spitz Channell, do you know him?

. A I met the man once.

. Q What occasion?

. A In January of 1987.

. Q Where?

. A In Rich Miller's office.

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. Q What was the reason?

. A I was there to present a speaker's bureau program to him. Spitz asked me to prepare and see if he would fund it.

. Q What was Channell doing there?

. A He was there for other things. I just came in for about 15 minutes and presented it to him and he had several of his staff people there, and then I left.

. Q Did you present this to Channell as well?

. A Channell was in the room when I presented it, yes.

. Q And it lasted about 15 minutes?

. A At most, yes.

. Q That is your only contact with Channell?

. A Yes.

. Q An individual named Dan Conrad who was an assistant to Channell?

. A Again, I met him at that meeting. I think I met him one time with Linda Guell when I was looking for funds, and I may, if my memory strikes me, I may have met him again in Rich Miller's office in passing.

. Q Rich Miller's partner, Frank Gomez?

. A Again, in passing. I never had a substantive conversation with him.

. Q Substantive dealings with IBC have been with Richard Miller..

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A Absolutely.

Q You described one meeting [redacted] Is that the only time you met him?

A That's right.

Q You discussed one meeting with Pat Buchanan. Have you ever met him on any other occasion?

A No, sir, I have not.

Q You described one meeting [redacted] Have you ever met him on any other occasion?

A No, sir, I have not.

Q Phil Mabry.

A Yes, I know him.

Q How do you know him?

A I met him at a council meeting in San Francisco.

Q What did your dealings with him involve?

A I don't know how to describe Phil Mabry except he tends to, you know, he has said a lot of things about a lot of people including myself. He seems to go back and forth on this issue, from pro-Sandinista to anti-Sandinista. I am never sure what side of the fence he is really on, and I am not sure if anybody else is either. I have gotten to the point I really have trouble believing just about anything he says. I haven't had any recent contact with him.

MR. DUNHAM: I have.

MR. FRYMAN: Off the record.

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BY MR. FRYMAN:

Q Going back to your meetings with Colonel North, at a meeting with Colonel North in June of 1986, was there a discussion of Colonel North arranging for funds to be paid to a lawyer for Mr. Calero? Do you recall any discussion of that?

A No, sir, I do not.

[redacted]

Q At a meeting with Colonel North in August of 1986, did you discuss Robello? Do you recall ever discussing

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Robello?

. A I am sure we may have. It is quite possible.

. Q For the record, who is Robello?

. A Alfonso Robello. He is actually on the new board of the Nicaraguan resistance and he was on the old one also, the United Nicaraguan Opposition.

. Q What would your association with him have been?

. A It's been very minimal.

. Q Did you ever have any discussion with Colonel North about the former leader of Haiti, Devalier?

. A Yes. I believe there was a picture or something regarding Robello. I had come across that piece of information, and I can't remember where.

. Q Could you explain that?

. A Yes. There was a picture of--I believe Robello at one time got the Order of Merit or whatever from Papa--not Papa Doc, but Baby Doc.

. Q Why were you relaying this information to Colonel North?

. A I found it humorous to be frank with you, that is all. I don't believe there was any great--I can't think of any other reason. Well, possibly because Robello fancied himself as representing the more liberal end of the spectrum and then somebody told me, I can't remember who told me now, but somebody told me there was this picture of him receiving

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the Order of Merit from Baby doc. I found that rather incongruous, that's all.

. Q In your meetings with Colonel North, was there any discussion about you taking a job with the White House?

. A No, sir. Never.

. Q Ever working for Judge Clark?

. A Absolutely not.

. Q Admiral Poindexter?

. A No, sir.

. Q Do you recall telling Colonel North in October of 1986 and discussing a scheme of two weeks earlier?

. A You have to be more specific.

MR. DUNHAM: We need a little more there, Tom.

BY MR. FRYMAN:

. Q Do you recall discussing with Colonel North that Elliott Abrams should not go back at that time?

MR. DUNHAM: Go back where?

. Q I'll leave the question stand if you understand it.

. A I really don't understand it. I really don't. Abrams should go back?

. Q Should not go back now.

. A I would really have to be--

MR. DUNHAM: Do you have anything to refresh his recollection on that? Or a reference?

MR. FRYMAN: I'll let the question stand if you don't.

THE WITNESS: I don't really remember it. It seems strange I would make a statement about Elliott Abrams.

BY MR. FRYMAN:

. Q I'm asking if you recall.

. A I really don't, no.

. Q Did you ever have any discussion with Colonel North about whether you had been in the Nicaraguan Embassy?

. A Never. First of all I've never been in it. There would no no reason for me to discuss it.

. Q There was never any discussion with Colonel North?

. A No, never.

MR. FRYMAN: Off the record.

RPTS LYDA

DCMN DANIELS

[1:40 p.m.]

. BY MR. FRYMAN:

. Q Father Dowling, are you familiar with a bank account under the name of Pakefield Enterprises?

. A No, sir.

. Q Are you familiar with an organization named Pakefield Enterprises?

. A No, sir.

. MR. FRYMAN: I have no further questions.

. EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

. BY MR. KAPLAN:

. Q Father Dowling, as I introduced myself this morning, I am Jamie Kaplan, Associate Counsel with the Senate Select Committee.

I will be brief. You have been very patient today and I appreciate it.

. Father Dowling, you mentioned this morning in response to a question put to you by Mr. Fryman that you were never employed by a United States Government intelligence agency.

. A Yes.

. Q Did you ever receive any money from a United States

Government intelligence agency other than the money you testified this morning came at the direction of Colonel North?

. A No, sir.

. Q Did Colonel North himself actually ever give you any funds or traveler's checks?

. A No, no. Those traveler's checks were not given to me by Colonel North.

. Q So all of the traveler's checks came from Mr. Calero?

. A Yes, sir.

. Q Did you receive traveler's checks at any pint in time from any other source related to the Nicaraguan resistance?

. A Well, from the resistance, it was from Mr Calero's direction. He may not have put them in the mailbox.

. Q Did Mr. Calero send you traveler's checks at certain times?

. A Yes.

. Q How would you know those checks were from him?

. A I would ask him or call him or write a quick note saying I needed such-and-such.

. Q Were all those checks spent on travel expenses?

. A No. My phone bill went from a normal person's phone bill to something outrageous since I was making calls all over the country. They were spent on things that were related to what I was doing.

MR. DUNHAM: May I talk to my client a second?

MR. KAPLAN: Sure.

[Discussion off the record.]

MR. DUNHAM: Would you read back the question about Colonel North?

[Whereupon, the record was read by the reporter.]

MR. DUNHAM: I think he needs to amplify that answer. I think the answer he gave was literally accurate, but there is a situation which I think the witness should disclose to you which could be construed--that answer could be construed as inaccurate based upon things he concluded, not things he knew.

BY MR. KAPLAN:

Q Okay.

Can you amplify?

A I was never given personally any money by Colonel North. There was one incident where I mentioned to Colonel North that certain expenses needed to be taken care of--it was the week of the vote, the last vote which was late June of 1986--for two people because they had been out a lot of expenses. One of them was Mr. Maybury and Mrs. Guell who was in the process of putting people up in the Hotel Washington. She had no money.

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. So I mentioned it to him. He said, ''Would you come by and pick up a package?'' I handed them the package. I did not see the contents of the package.

. Q When you said that Colonel North said to you, ''Would you come by and pick up a package,'' where did he want you to come by?

. A His office.

. Q Did you go to his office?

. A Yes.

. Q He gave you a package.

. Could you describe it?

. A It was a package with two envelopes in it. That was all.

. Q To the best of your recollection, what was your assumption at that time as to what was in that package?

. A I presumed he was going to defray the expenses; it was money for that.

. Q What did you do with that package?

. A I gave it to the two people involved.

. Q Did either Miss Guell or Mr. Maybury say anything to you afterwards that would indicate the contents of the package?

. A No, sir.

. Q I think immediately before we went off the record and you conferred with your counsel, the question I asked

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was whether traveler's checks given to you by Mr. Calero or people connected in some fashion with the resistance were spent on travel expenses in behalf of the resistance.

I believe you responded affirmatively to that question.

A Yes.

Q Who is Kathleen Dowling?

A My mother.

Q Do you recall giving any traveler's checks to your mother?

A I may have in exchange for cash.

MR. KAPLAN: I will have them marked as Deposition Exhibit Nos. 2-A and 2-B. We have marked as Dowling Deposition Exhibit 2-A and 2-B what purports to be copies of traveler's checks drawn on Banco Delpinchina. Exhibit 2-A is a copy of the front and back of one traveler's check; and 2-B is the copy of the front and back of two traveler's checks all in the denomination of $50.

[The documents marked Dowling Exhibit Nos. 2-A and 2-B follow:]

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. BY MR. KAPLAN:

. Q Father Dowling, is that your mother's name on the front of the check?

. A Yes.

. Q If you could turn the pages of each exhibit and look at them, I take it there is no signature on the checks on 2-B, but on the copy of the back of traveler's checks 2-A, is that your mother's signature?

. A Yes.

. Q Do you recall the circumstances under which you may have written those two checks to your mother?

. A It may have been just for immediate cash.

. Q Where does your mother live?

. A In San Raphael.

. Q Just for the record, San Raphael, California, is in Marin County?

. A Yes, that is right.

. Q Before we leave those checks, do those checks refresh your recollection as to the circumstances under which you gave them to your mother?

. A Well, they actually came, some of the checks were actually sent to her house because obviously they were unsigned checks. So I would ask Calero to send them to her place if I was not in and about. So that would be the circumstances.

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. Q Do you recall any better the circumstances under which you would have written traveler's checks to your mother in July of 1985 and August of 1985?

. A July of 1985? I don't know.

. Q If you don't recall--

. A I presume unless she had loaned me, it could have been a loan, it could have been just that I needed the cash, you know.

. Q But your testimony today is that to the best of your recollection, these checks were written out to your mother in exchange for cash?

. A As far as I know, yes, or it could have been a loan.

. Q A loan to your mother?

. A No, that I might have borrowed from her.

. Q And you were using the traveler's checks to repay the loan that she had made to you?

. A It might have been an expense that I had to pay. I am thinking there might have been a telephone bill at about that time.

. Q When did you first meet Linda Guell?

. A In March of 1985.

. Q Who proposed the use of Western Legal Foundation to create LASSI?

. A Linda Guell.

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. Q What prompted that proposal?

. A Because I mentioned that I was thinking of setting up a non-profit to deal with information in a systematic way.

. Q Do you recall when that proposal was made?

. A It was probably somewhere around April or May of that year, something like that.

. Q So as I understand it, you mentioned to Linda Guell your interest in creating something like LASSI?

. A Yes, exactly.

. Q She proposed in return that you could use the Western Legal Foundation as the corporate framework for setting LASSI up; is that correct?

. A Yes.

. Q How well did you know Linda Guell when she proposed that you could use Western Legal Foundation?

. A I had only met her a couple of months. She was very involved at that time in the freedom fighter situation.

. Q Were you surprised by her proposal?

. A No. It seemed logical instead of going through the whole process.

. Q Part of the whole process being applying for tax-exempt status and the like?

. A Yes, since the corporation she was suggesting was more or less essentially non-functioning.

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. Q When did the transfer actually take place?

. A We put it through Curtis Herge. He was the lawyer of record. His office basically did nothing, to my surprise. According to the books, it shows we made them. The name change was made official only recently through their office in the District of Columbia.

. Q Where did the funds come from?

. A The initial funds came from Western Goals and after that from LASSI itself.

. Q You mentioned this morning that you drew a minimal salary as Executive Director of Lassi. What was that salary?

. A Since a lot of my expenses were paid, we are in the process of looking at that, it is several thousand dollars. We are probably looking at five or six thousand dollars.

. Q Over the course?

. A No. We are talking about 1986 now. There are other things, one of them I mentioned.

. Q So your salary for 1986 would have been five or six thousand dollars?

. A From LASSI itself, yes.

. Q Did you receive a salary from some other organizations?

. A There were some other increments in there. I think I mentioned $3,000 that I was considering income.

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. Q Any other sources of income in 1986?

. A There may have been a couple of speaking engagements for CAUSA. If I remember, it was $600.

. Q Is LASSI still an ongoing institution?

. A Well, we don't have any money. We are in the process of getting the tax stuff straightened out.

. Q That is my next question.

. How much money is left?

. A Less than $100 in each account. I am keeping the accounts alive right now.

. Q How would you break it down? I realize I am asking you to estimate the breakdown, but how would you break down the use of the 93,000 or so dollars that made its way into LASSI's accounts.

. A I would say about $35,000 went through the operations account in San Francisco, roughly. Several thousand were paid in consultant fees to Linda Guell, I am not sure, maybe $6,000. Then several thousand dollars were expended on the trips to Central America last year.

. Q Approximately how much was spent on them?

. A Three or four thousand dollars, I forget. It is in the books. Most of the balance was paid for my expenses here in Washington. I actually tried to save some by renting an apartment for a while.

. Q What would you approximate those expenses to be?

. A Somewhere around 30 to 35--that is including a good part of this year, so we are talking about a period of well over a year, well over a year.

. Q I want to ask you a few questions about your use of Mr. Calero's credit card.

. A Sure.

. Q Was your use of Mr. Calero's credit card monitored in any fashion?

. A Not really, no.

. Q He gave you the credit card number during what time period?

. A In late 1984 for the first trip down here.

. Q Did he give you any instructions as to how and when to use that credit card number?

. A No. He said I could use it for trips when I went out to speak or to meet with groups, setting up meetings, et cetera.

. Q Did you tell him when you used the credit card?

. A No, I did not.

. Q Did he ever ask you when you used the credit card for a particular piece of travel?

. A No.

. Q What class travel did you generally travel?

. A Always the economy; always.

. Q Who chose your hotels?

. A Usually I did. I would have the travel agent make an arrangement sometimes. It would vary.

. Q Was there an effort on your part to stay in economy hotels as well?

. A Yes, if I could.

. Q Did anyone ever speak to you about charges that had been made to Mr. Calero's account?

. A No.

. Q I believe Colonel North's calendar shows you had a meeting with him on November 17, 1986.

. Do you recall the substance of that meeting?

. A I had recently been in Philadelphia and I was talking about that.

. Q Was there any discussion of the events of the moment?

. A None. The only thing he said, he was really in a rush, I think it was less than five minutes. He seemed really more intense than usual.

. Q When you mentioned the trip to Philadelphia, I take it it is the trip you testified about earlier in response to Mr. Fryman's question?

. A Yes.

. Q Did Colonel North ever mention to you anything that related to the sale of arms to Iran?

. A Absolutely not.

Q Did Colonel North ever say anything to you about a diversion of the funds from the sale of arms to Iran to the contras?

A Absolutely not.

Q Did Colonel North ever mention to you or did you ever become aware of an account in Switzerland called the Lake Resources account?

A No, sir, not until I read it in The Washington Post.

Q Not until public disclosure?

A Right.

Q I take it that the same would be true for any conversations that you had with Richard Miller over the time of your relationship with him?

A Yes, about any of those three or four questions you just asked me, absolutely not.

MR. KAPLAN: I have no further questions. I believe Mr. Oliver may have some questions.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. OLIVER:

Q Father Dowling, I am going to try to have a few follow-up questions to some of the things Mr. Fryman has already covered.

[redacted]

2 pgs

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TOTAL

pgs 121 - 122

[redacted]

Q You mentioned in connection with the congressional hearing that you testified in the spring of 1985.

A Yes.

Q That you had met a staffer from the committee walking across the street?

A That is right.

Q Was that staffer Jake Dunman?

A No, sir, it was--if you mention the name I will be able to tell you.

Q But it was a staffer from the Foreign Affairs Committee?

A No, I am not sure of that. He was on the trip to Central America. I am not sure what his name was. It should have been Foreign Affairs. I just assumed that.

. Q He was with Mr. McCollum?

. A He was one of the staffers with Mr. McCollum. There may have been others.

. Q Where were you crossing the street that you happened to meet him?

. A Somewhere around the Capitol here.

. Q He ran into you?

. A Yes. He said, ''How are you doing?'' and the next thing I got the phone call.

. Q From whom?

. A From somebody in McCollum's office.

. Q Who was that?

. A Probably one of the secretaries just saying, ''Could you be at the committee meeting?''

. A What did they tell you they wanted you to do at the committee meeting?

. A They were very indefinite. It was a spur-of-the-moment thing. All they suggested was that I might say what I saw when I was down there.

. Q How did Congressman McCollum's office know where to reach you?

. A Because I had been on friendly terms with Mr. Forrest so he knew where to reach me.

. Q Where was that?

. A Probably at some hotel. Was it at a hotel? It was

April 1985. I stayed in a lot of places in Washington.

. Q Your recollection is he called you at your hotel, not at somebody's office?

. A No. It was wherever I was staying, yes.

. Q When Mr. McCollum's office told you the time and place of the hearing, what did they tell you the subject of the hearing was?

. A It was the Subcommittee on Western Hemisphere Affairs. I believe the debate was the humanitarian aid bill.

. Q When you went to the committee meeting, how did you identify yourself to the Congressman who yielded his time to you?

. A I didn't really talk to him. Since this stuff came out in June, I believe it was Congressman Lagomarsino. I didn't talk to him. One of his staffers came up and said, ''He will yield his six minutes to you,'' and I said fine.

. Q Who was that staffer?

. A I don't know.

. Q How did he know to come to you?

. A Because I came in. I had a collar on. He assumed who I was and then he asked me if I was Father Dowling. I said yes and he said, ''When Congressman Lagomarsino's time comes up, he will yield it to you.''

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. Q That was not the same staffer you met going across the street?

. A No, sir.

. Q After the hearing, did you discuss what you had said with any of the members of the committee or any of the staff?

. A No, not rally.

. Q You just walked out of the room?

. A There were several witnesses after me. I think it was the time Sister Nancy Donavan gave the report on contra atrocities.

. Q Did you refute what she said?

. A I gave an opinion. If you have that in front of you, I have not seen it since then, but I gave an opinion about the type of people I saw in the camps. I could not specifically refute each individual incident that she mentioned, of course.

. Q Was it a rather unpleasant exchange that went on at that time?

. A There was no exchange except I was booed by people in the committee room, which the chairman naturally stopped.

. Q After the hearing, did you talk with any of the other witnesses?

. A No, no. I went over and sat down for a while next

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to Calero--who is the actor who was there, Robert Foxworth, I believe, also testified.

. So I chatted with him for a while and left.

. Q Mr. Calero was there. You indicated earlier that Mr. Calero knew you were a priest of the Old Catholic Church.

. A Right.

. Q Do you think the committee had the impression that you were a priest from the regular Catholic Church?

. A Well, the chairman, Mr. Gejdenson, said publicly that he had it. My purpose of going in there was not to discuss my priesthood, but to discuss what I personally saw in the camps.

. Q When did Mr. Calero learn that you were not a regular Catholic priest?

. A Back in 1984 because I had a service in the Presbyterian Church which I was using at that time which he was at.

. Q When you met Congressman McCollum in 1985 in Central America, did you tell him you were from the Old Catholic Church?

. A I don't know. I really don't.

. Q Did any of his staff members, Vaughn Forrest or anyone, ever learn you were from the Old Catholic Church?

. A I mentioned it to them. When you say Old Catholic, and you don't go into a detailed explanation, sometimes people don't know, they may think you are talking about the hairs on your head.

. MR. DUNHAM: How do you know?

. THE WITNESS: I don't know. I said I was with the traditionalist group, with the Latin mass.

. BY MR. OLIVER:

. Q Mr. Calero understood the distinction?

. A Yes. He is not a theologian either, but he essentially understood the difference.

. Q Did you ever have discussions with members or staff of the committee after this story broke about your appearance with Congressman Gejdenson's committee?

. A No, sir.

. Q You never discussed it with any of them up until this day?

. A No, sir, I have not.

. Q I would like to switch for a moment to your trip to Philadelphia. Did you meet anyone else besides John Hirtle?

. A No, sir.

. Q Did you ever arrange for a speech in Philadelphia for Arturo Cruz?

. A No, sir.

. Q Do you know whether he made a speech up there?

. A I believe he had.

. Q This had been prior to your trip to Philadelphia?

. A I am not sure of that. The speech I am talking about happened a few months ago, I believe.

. Q Do you know whether Mr. Hirtle arranged that speech?

. A I don't know if he arranged it or not. He was part of the committee that was organizing it. I don't know if he personally arranged it.

. Q You mentioned that you traveled to Central America with Mr. Riordan who is active in Knights of Malta?

. A He is a Knight of Malta.

. Q Did you have a discussion about the Knights of Malta with Mr. Hirtle?

. A No, I don't think so.

. Q Did you have a discussion about Knights of Malta with Mr. Slease?

. A No, sir. Our conversation was literally less than a minute, my only conversation with him.

. Q Were you aware of any other Knights of Malta who contributed to the activities in Central America that related to the church or your activities?

. A No, to my knowledge there have been none. To the church, no direct knowledge at all.

. Q Did Colonel North ever mention to you the Knights of Malta?

A I don't think we ever sat down and discussed them. It may have come up in passing, but I know it was never anything serious.

[redacted]

Q Other than Mr. Riordan, do you know of any other Knights of Malta who were involved in contributing money?

A I am not sure Mr. Riordan was.

Q I just wondered if you know who were.

A No.

Q Do you know a man known as Roy Godsen?

. A No, sir.

. Q Are you familiar with an organization known as Prodemca?

. A Yes, sir.

. Q What do you know about that organization?

. A I know it assists the freedom fighters when they come to town and arranges meetings.

. Q Did you have any contact with them?

. A I have been to a number of meetings.

. Q When was that?

. A The last function of Prodemca, maybe a year ago. It has been a while.

. Q Did you ever discuss with them the need for funds for LASSI's activities?

. A No.

. Q Were they aware what you were doing with Mr. Calero?

. A I presume they were. They must have been aware that I was involved with Calero, sure.

. Q Who introduced you to the Prodemca people?

. A It seems to me I went to one of their functions. It could have been Boscoe Matamorris or someone like that. I met Penn Kimball at the IRD, Institute of Religious Democracy.

. Q What is that?

. A A non-profit organization that writes reports on religious persecution around the world.

. Q Were you involved with this in any way?

. A No. I want to get on their mailing list.

. Q Did you discuss with Penn Kimball what you were doing?

. A Not really, no.

. Q How did you find out about the Institution of Religious Democracy?

. A It has been mentioned several times as a leading group that talks about persecution in the church. I don't remember who specifically told me. It was an institute I had heard about and I wanted to talk to them.

. Q Did you receive any funds or support from them for your activities?

. A Absolutely not.

. Q Do you know Bruce Cameron?

. A No, sir, I do not.

. Q Linda Guell was a good friend of yours as we learned earlier.

. A Yes.

. Q Did you become aware of the problems Linda Guell was having with Spitz Channell?

. A Yes, sir.

. Q How did you become aware?

. A She told me.

. Q What did she tell you?

. A Well, I knew that the were having a problem with regard to his taking over of Western Goals.

. Q And she was opposed to his taking over Western Goals?

. A It seemed to be working for a while. I was not privy to all the paperwork, the intricate details.

. Q You mentioned earlier that Spitz Channell might not be too favorably disposed toward you because of the difficulties he had with Linda Guell.

. A No, I don't think I said that.

. Q Well, perhaps you didn't, but you were aware that they had had difficulties?

. A Yes.

. Q What specifically were the difficulties?

. A Again, I am not sure of the dynamics. I know there were some problems with the takeover of Western Goals by his organization, the National Endowment for the Preservation of Liberty.

. Q Was she concerned because of what NEPL was doing?

. A She seemed to be. We did not get into a tremendous detailed discussion about this because my interests were different on this issue. I was not involved in the intricate details of it.

Q But you have remained involved with Linda Guelle since?

A She has helped us do the books, sure.

Q She has helped arrange funding sources?

A Well, nothing recently.

Q Well, the $10,000.

A That would have been October when the letter was written.

Q It was December of 1986?

A Yes.

Q You disbursed some funds from LASSI to her?

A For consultants work. she has done a behemoth job on the books and keeping lots of things going.

Q Since that December grant, our records indicate you gave her somewhere around $7,000.

A That could be correct, Yes, sir.

Q Were you aware that Jane McLaughlin had had a split with Spitz Channell?

A Yes. For one thing I saw her, I believe it was on ABC New

Q Did you discuss that with Linda or Jane before you saw it on ABC News?

A I knew vaguely that there was a split, but it was not directly of concern to me.

Q But in January of 1987, you made a presentation to

Spitz Channell?

. A Yes, sir.

. Q Even after this split, you had already seen Jane McLaughlin on television?

. A No, it was before that.

. MR. DUNHAM: Jane was not on television. She was on television a number of times, but you saw her on Nightline; right?

. THE WITNESS: Nightline or whatever.

. MR. DUNHAM: After the Channell indictment?

. THE WITNESS: I don't know. I know it was on TV.

. BY MR. OLIVER:

. Q Do you know Scott Miller?

. A No.

. Q John Donohue of Pittsburgh?

. A No, sir. I just suddenly got the flash, that was who Hirtle was talking about, but I don't know him.

. Q Did you ever meet Otto Reich?

. A No, sir.

. Q Jonathan Miler?

. A Yes, sir.

. Q When did you meet him?

. A In March of 1986 briefly in Walt Raymond's office at the NSC.

. Q What were you doing there?

. A Just talking about public relations. He was very concerned that not enough had been done.

. Q Who put you in touch with Walt Raymond?

. A Ambassador Peter Daily.

. Q How did you know Ambassador Peter Daily?

. A I met him at the World Business Council where I spoke at one time.

. Q When was that?

. A It would have been January of 1986, I believe.

. Q He suggested you go see Walt Raymond?

. A Yes. I gave a speech and he was impressed and said, ''You may want to talk to Walt Raymond.''

. Q And Jonathan Miller was there?

. A Not at the meeting. It seems to me he was in and about the office and I shook hands with him.

. Q What did you discuss with Walt Raymond?

. A Public relations strictly.

. Q About what?

. A What needed to be done to get the message out about what was going on in Central America.

. Q What did you tell him needed to be done?

. A I told him a first-class PR campaign.

. Q Did you ask him for assistance or to involve you in any way?

. A No. He was very specific that he was not an

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operational person.

Q Did he indicate to you what efforts they were making in the public relations field?

A A little. He talked about the Office of Public Diplomacy. It was very general stuff.

Q Was Peter Daily involved in that?

A No. It was just a reference.

[redacted]

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[redacted]

. Q When you were in Washington around the time of that vote, did you meet with any other State Department officials besides Elliot Abrams and Bob Kagan? Did you meet with

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anyone in the Legislative Department?

. A No, sir. I don't think I met with anybody outside of Kagan and Abrams [redacted] There were no subsequent meetings.

. Q You indicated on one of your trips to Central America that you met with Ambassador [redacted]

. A That is correct, yes.

. Q Who arranged those meetings?

. A Mr. Morrissey.

. Q Why did Mr. Morrissey arrange those meetings?

. A He was looking at some of the medical work that the Army was doing down there. I believe they have been involved with some of that stuff. It was a perfunctory sort of meeting with Ambassador [redacted]

. Q Did Mr. Morrissey have direct access to the ambassador?

. A Well, we went in there.

. Q Why did he have access to the ambassador?

. A I really don't know. He seemed to have direct access.

. Q Why was [redacted] there? Why did you meet with [redacted]

. A We met him--I don't know to be very frank with you.

. Q It didn't seem very unusual to be meeting with a military attache?

. A We had a helicopter that took us out to see the delivering of food to the people, so maybe it had something to do with that, I don't know.

. Q They took you to see delivery of food to the people?

. A Yes.

. Q To which people?

. A The peasants, the campasinos [redacted]

. Q What kind of a helicopter, American military?

. A Yes, sir.

. Q Did [redacted] arrange that?

. A We are presuming. I didn't see him pick up the phone.

. Q What was the purpose of having you see this?

. A Well, I believe that the, whatever they call the civilian program down there, whatever it is, they felt that not too many people had seen it and it would be good.

. Q Did they indicate to you who was paying for that food?

. A No, sir, they did not.

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. Q Why was the American embassy so interested in showing you that?

. A They may have been interested in showing Morrisey that also. I was there and went along with them for the ride.

. Q Was Colonel North involved in setting up those--

. A Not at all.

. Q Did you talk with him after you came back to the United States?

. A I told him I had been there, what I had seen, that's all.

. Q You indicated that you met Rich Miller or Rich Miller thinks he met you at a party at Dan Kirkendahl's townhouse in July 1985?

. A That is correct.

. Q What was the purpose of that party?

. A I believe it was to celebrate the humanitarian aid victory.

. Q Who else was there?

. A A lot of your, I mean a lot of conservative groups were represented.

. Q Was Colonel North there?

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. A No, sir.

. Q Was Elliott Abrams there?

. A No, sir. I don't believe any government official was there. I don't recall running into any of them any way.

. Q You were in Washington in August of 1986 prior to your departure for Central America?

. A Yes, I was.

. Q Why were you in Washington?

. A Probably to just go from Washington down, you know, make arrangements, final arrangements, for the trip.

. Q What kind of final arrangements did you make?

. A A travel trip, getting Morrisey set up, et cetera.

. Q Did you meet with Congressman McCollum in August of 1986?

. A No, I don't think so. I don't believe he was there actually. It was a recess at that time.

. Q I would like to--

MR. OLIVER: I would like to make this telephone message as Exhibit number 3.

BY MR. OLIVER:

. Q This telephone message was in the documents turned over by Spitz Channel's organizations to the committee and it is dated 8-11-1986 to Linda at 11:36 in the morning, and it says, while you were out Father Dowling, the telephone number it leaves is [redacted] the message is, he is at

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Congressman McCo[illegible]ice.

. A Yes.

. Q He will be there for the next five minutes. Does that refresh your recollection about meeting with Congressman McCollum?

. A No, I am sure I didn't meet with him. In fact, the date would indicate that he was probably on recess.

. Q Did you meet with someone else in Congressman McCollum's office?

. A I probably met with Morrisey preparing for the trip.

. Q Do you remember talking to Linda Guell prior to your meeting in Central America in August 1986?

. A I am sure I did.

. Q Was she involved in any way in this trip?

. A Well, I was using a travel agent that she knew, so that may have been, we may have talked about the particulars, the particulars of the trip, but that would have been about it.

. Q Who was that travel agent?

. A I don't use it anymore. It is down here in Washington somewhere. I would have to, I can't remember which agency it was really.

. Q I have no further questions. Thank you, Father.

MR. FRYMAN: I have one final question. When was

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the last time you spoke to Oliver North?

THE WITNESS: I think you just told me. Whenever that--one of you mentioned a meeting I had with him in November.

BY MR. FRYMAN:

. Q What is your recollection?

. A That is my last recollection.

. Q You have not spoken with him in 1987?

. A Absolutely not. Whatever date you gave me of that meeting.

MR. DUNHAM: November 17, 1986.

MR. OLIVER: I am sorry, I have a couple more questions.

BY MR. OLIVER:

. Q Who is Jim Pasado?

. A He is a gentleman who works with LASSI out in San Francisco.

. Q What is his job?

. A He doesn't have a job, he helps us with organized speaking engagements. He goes around speaking on the issue.

. Q [redacted]

. A

. Q How did he happen to become involved with LASSI?

. A I met him when I spoke before the retired group of intelligence officers a few years ago, his particular branch, and we got to be friendly. That's basically it.

. Q Did he organize just speaking engagements, did he organize other things for you?

. A That's about it.

. Q Did LASSI or other people working for you gather information on domestic opponents of the President's policies in Central America?

. A No, that has not been one of our functions.

. Q You never did pass on any information about opponents of the President's policy to the FBI or government officials?

. A No.

. Q Do you know General Singlaub?

. A Yes, sir.

. Q How do you know General Singlaub?

. A I met him through Adolfo Calero.

. Q Were you ever involved in any of his activities?

. A No, sir.

. Q Did you ever receive any money from him?

. A Not to my knowledge. That $3,000 Adolfo Calero sent me could have--at the time he could have mentioned something about General Singlaub, but the check did not indicate that, so I have no knowledge of that, and I never discussed it with General Singlaub.

. Q Did you ever meet Brett Sciaroni?

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. A Yes, sir.

. Q How did you come to met him?

. A I met him socially at Colonel Peno's house.

. Q Did you ever discuss any of your activities with him?

. A I am sure I did. In terms of public relations and what I was doing? I am sure.

. Q Did he ever mention to you what he was doing?

. A Sure.

. Q Did he talk to you at all about any work that he was doing for Colonel North at the NSC?

. A No.

. Q Did you ever seek any information from Phil Mabry relating to the Christic Institute?

. A Phil Mabry volunteered that information at one time. I never received it.

. Q What information did he provide?

. A Basically their publications.

. Q Why did he volunteer that information?

. A Because Phil Mabry, as I indicated earlier, has the tendency to go from one side of the fence to the other. On one month he will be on one side and the next month he takes the opposite side.

. Q Do you know why he would supply that information to you?

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. A He knows where I stand.

. Q What did you do with the information?

. A I think I just left it, filed it. I didn't do anything with it. There was nothing, believe me, there was nothing extraordinary about it. Anybody could walk into their offices I am sure and get the same information.

MR. OLIVER: I have no further questions. Thank you.

MR. FRYMAN: No questions.

(Adjourned at 2:35 p.m.)

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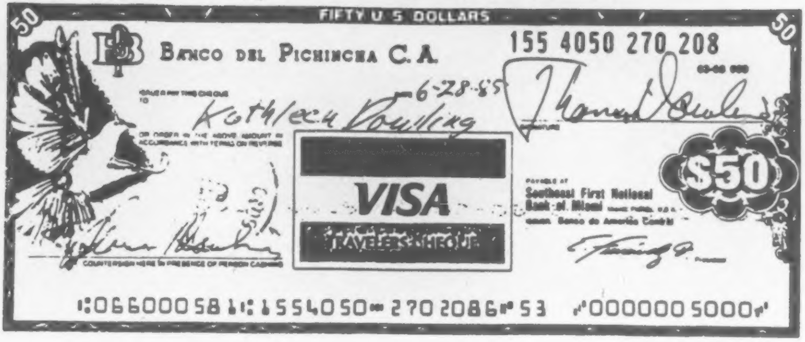

FIFTY U S DOLLARS

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Banco del Pichincha C. A.

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Kathleen Dowling

Thomas Dowling

VISA

TRAVELERS CHEQUE

Payable at Southeast First National Bank of Miami

Banco de America Central

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Kathleen Dowling

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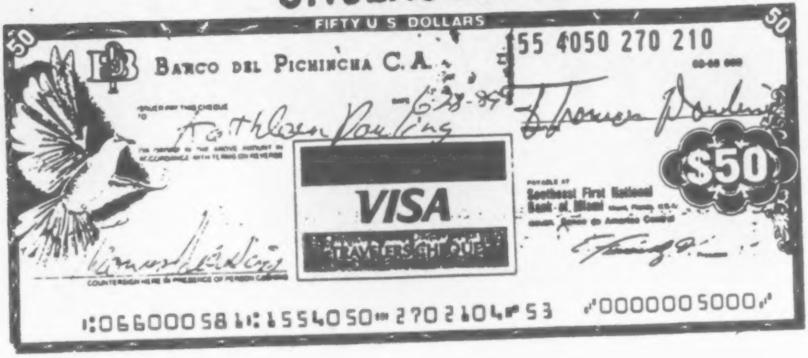

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BANCO DEL PICHINCHA C.A.

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Kathleen Dowling

Thomas Dowling

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TRAVELERS CHEQUE

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Payable at Southeast First National Bank of Miami

Banco de America Central

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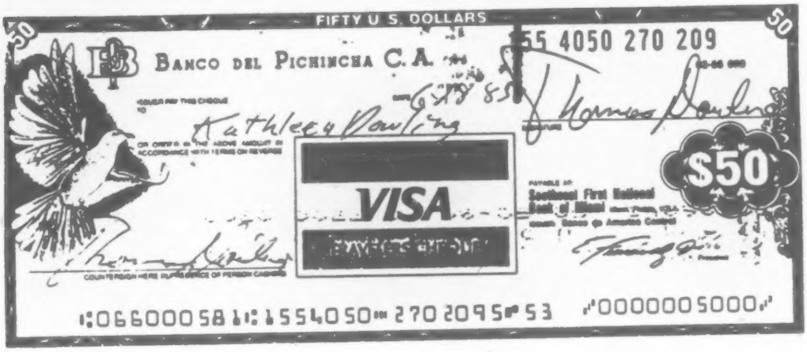

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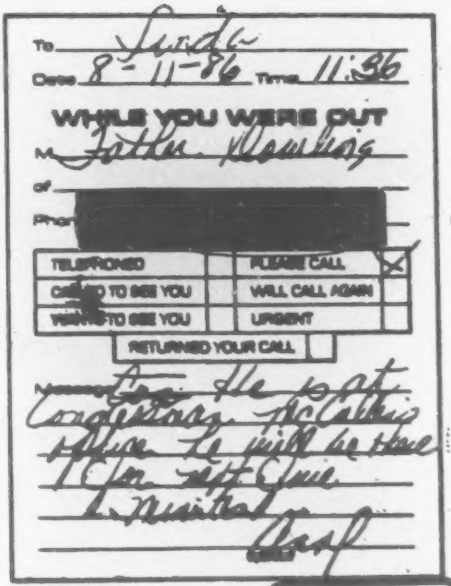

To Linda

Date 8-11-86 Time 11:36

WHILE YOU WERE OUT

M Father Dowling

of [redacted]

Phone

PRIVACY

TELEPHONED	☐	PLEASE CALL	☒
CALLED TO SEE YOU	☐	WILL CALL AGAIN	☐
WANTS TO SEE YOU	☐	URGENT	☐

RETURNED YOUR CALL ☐

Message Re: He is at
Congressman McCollum's
office he will be there
[illegible]
[illegible]

Carol

A 0018711

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3
5-4-87 DRD

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Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

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DEPOSITION OF ROBERT C. DUTTON

Friday, May 4, 1987

U.S. House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 2:20 p.m., in Room H-328, The Capitol Building, Ken Ballen and Ben Buck presiding.

Present: Ken Ballen and Ken Buck, Staff Counsel on behalf of the House Select Committee ~~on~~ to Investigate Covert Arms Transactions with Iran; Paul Barbadoro, Counsel, on behalf of the Senate Select Committee on Secret Military Assistance to ~~the~~ Iran and the Nicaraguan Opposition; ~~Paul~~ John Dowd and Sara Dawson, on behalf of the witness.

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MR. DOWD: Counsel for Mr. Dutton understand that the reporter is a Notary in the Commonwealth of Virginia and the State of Maryland, and has no objection to this reporter administering the oath for purposes of this deposition and has no objection to the form of the oath.

BY MR. BALLEN:

Q Would you give your complete name?

A Robert Charles Dutton.

Q Mr. Dutton, I would like to show you what I have premarked as Dutton Exhibit Number 1, a copy of a memorandum dated April 8, 1987, prepared by me. Have you reviewed this memorandum, sir?

A Yes, I have.

Q And is that your handwriting that has corrected the various points in the memorandum?

A That is correct.

Q And is that memorandum an accurate reflection of you previous interviews with staff of the House Select Committee and the Senate Select Committee?

A It doesn't cover everything we discussed but it does cover the major points.

Q What it covers, is it an accurate representation of what you said?

A I believe so.

Q Thank you.

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Mr. Dutton, how long did you serve in the Armed Forces of the United States?

A About 26 and a half years.

Q Which branch of the service?

A United States Air Force.

Q What in general were your responsibilities with the United States Air Force?

A I was a pilot the entire time. I served most of my career in the area of special operations, which includes unconventional warfare, counterinsurgency, counterterrorism. I served from the squadron level through Headquarters Air Force level. I was mostly in the operational side of the Air Force. I dealt in current operations, things that are going on right now. I was involved in a number of special operations. I don't know how much detail you want.

Q [redacted]

A

Q Did you know General Richard V. Secord?

A Yes, sir.

Q How did you happen to know him?

A I met him I believe it was in 1964, the first time. He was involved at that time with the First Air Commandos. We served in Vietnam and Thailand at the same time.

I remained an acquaintance of his until 1976 when

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I went to work for him in Teheran in the Air Force section of the Military Assistance Advisory Group. We were stationed together there two and a half years and returned to Washington D.C. I went to work on the Air Staff, General Secord went to the Office of the Secretary of Defense, and we have remained friends since.

Q When did you retire from the United States Air Forc

A 1 May 1986.

Q What was your rank when you retired?

A Colonel.

Q And did General Secord offer you a position which led to your retirement?

A I had made a decision that I was going to retire at which time he talked to me about a position, and did make an offer to me.

Q What was his offer?

A His offer was to come to work for Stanford Technology Trading Group International, which was a partnershi of himself and Albert Hakim. We would be working internationa projects.

He did tell me that he had a special operations, th did not involve the company, that he was working to support, and that he needed my help on, and it had to do with an operation in Central America, an air operation, and that they were having a great deal of trouble with it, and he needed

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help on that, and that is probably, that would be the major thing that I would be tied up with at first.

Q What date did you start?

A I started on the second of May.

Q And what was your salary?

A Five thousand dollars a month.

Q The special operation, air operation in Central America that he described to you, was this Stanford Technology business or not?

A No, it was not.

Q Were you to be separately compensated for your efforts in regard to this?

A No, I was not.

Q How did General Secord describe to you the purpose of the air re-supply operation? Did he say where in Central America it would be?

A Yes, sir. The re-supply operations themselves would be in [redacted] Nicaragua, that we would be operating out of [redacted] that they had a small fleet of aircraft that would be delivering arms, munitions, uniforms, medicines, to the contras both at the forward operating base and [redacted] to forces inside of Nicaragua.

(Discussion off the record.)

BY MR. BALLEN:

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Q Were you to be separately compensated?

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Let me ask you this question: in fact, were you eve separately compensated for this operation?

A No, I was not.

Q So your only salary that you received in connection with it was your regular salary from Stanford Technology Trading Group International?

A Yes, sir.

Q You also performed other business for them?

A That is right.

Q Off the record.

(Discussion off the record.)

BY MR. BALLEN:

Q Let me clarify your answer. Delivering them both forward operating bases [redacted] did General Secord mention to you deliveries inside Nicaragua [redacted]?

A At the beginning, yes. We were to drop inside Nicaragua. I don't recall us discussing [redacted] to any length at that time. Within the next week after I first started there, we discussed it as a separate issue. In fact, the airstrip was being built in northwestern Costa Rica [redacted]

Q Did General Secord tell you who had approved this operation?

A He told me that we were working at the behest of

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the White House.

Q Did he tell you that this was a clandestine operation?

A Yes.

Q Run at the behest of the White House?

A Yes.

Q Now, as part of the project, were you to both supply munitions and other goods to the FDN in the north and also attempt to open up the southern front?

A That is correct.

Q Now, sir, your responsibility in connection with this air supply operation was what?

A When I first joined the operation on the first of May, the aircraft were in very poor condition. There was a lack of spare parts. We weren't able to keep them flying. Because the aircraft weren't flying, we weren't making any deliveries.

The troops, especially in the south, were in dire need of assistance, and I was asked to become as familiar as I could with the entire operation down there, make whatever changes needed to be made, assist in facilitating getting spare parts, and basically getting the operation working. It just wasn't working.

Q Sir, did there come a time in managing this air resupply operation that you met Lieutenant Colonel Oliver

North of the National Security Council?

A Yes sir.

Q And what were the circumstances, do you recall?

A To the best of my knowledge, it was --

Q Let me ask this question. Did there come a time when you met or talked to Oliver North?

A I talked to him on the phone, I ~~wold~~ would say probably a number of times before I ever met him, and the first time I met him was away from the White House, and it was in Vienna, Virginia.

Q Did you come to learn that North was the person at the White House who directed the airlift operation?

A That is correct.

Q Sir, you mentioned your responsibility in connection with this operation. Were you told by General Secord and Oliver North where the funds were for this operation, where they were coming from?

A Eventually General Secord indicated that the funds were coming from Geneva. Any expenditures that I dealt with which would be invoices, would be sent to me, I would review them for correction, necessary completeness, get any questions answered that I thought General Secord might have. I would present them to him, and if he approved them, then he would call Mr. Hakim to effect a wire transfer to whoever would require the funds.

Q You are now referring to the actual physical location of the funds as coming from Geneva; is that correct?

A That was my understanding, yes.

Q Let me ask a more general question. Did Colonel North and General Secord tell you that the monies that were supporting this operation were privately donated monies?

A That is correct.

Q Did they also tell you that there were limits to that money?

A Absolutely.

Q What did they tell you in that regard?

A There was not a bottomless pit of money, that we had to be very careful in handling the funds that we had. We had to account for the money as it was spent, which we did. We could purchase those things that were necessary to complete or to accomplish the mission, but we were not to spend anything extra and anything that we felt that we really needed, we needed their authority to procure, such as the new aircraft, the fifth aircraft, that we finally got; some special navigation equipment; storm scopes for the aircraft.

Q This was both Oliver North and General Secord? Both indicated to you the limited nature of the funds involved?

A That is correct.

Q Did they also describe to you their concept that they didn't want to see the contras' cause destroyed before

Congress could vote additional funds, that this was the purpose of the operation?

A It was my understanding the purpose of the operation was to keep the contras alive and growing. Colonel North did tell me that the forces in the south were growing at a rate of approximately 150 a day, and that was going to require more food, medicines, uniforms, and weapons, and, therefore, we had to get the operations working as quickly as we could.

Q Did General Secord ever discuss with you the legality of the operation?

A Yes, he did. At the initial briefing that he gave me in the office on the second of May, I questioned whether what we were doing was proper and legal, and he assured me it was, and gave me a copy of a legal opinion which had been signed by Sandy Martin, that stated in relation to the Neutrality Act that as long as we did not deliver personnel, that case law showed that we would stay within the law concerning the Neutrality Act. And in a separate discussion, we talked about the Arms Export Control Act, that we could not ship any weapons, munitions either through or from the United States, and that we would always be careful never to do that.

Q What was your knowledge as to where the weapons were being shipped from?

A My understanding was they were coming from Europe. Later on in the operation, I came to understand that they were

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shipped from [redacted]

Q Who was involved in that?

A Tom Clines [redacted]

Q Now, did General Secord also tell you at that time that the air resupply support for the contras was further lega because you could not be in violation of an Appropriation Act?

A That was discussed. I would say that it is probably an accurate statement. It was probably done more in the form of a question, how could you be in violation of an Appropriation Act and these were privately donated funds, the Act didn't apply in any case.

Q Referring to what is commonly called the Boland Act?

A Yes.

Q Now, did Secord further explain to you at that time the covert nature of this operation?

A To the degree that the sensitivity of the operation was in dealing with the Central American countries that we were working with, and who we were supporting. If, in fact, th operation became public knowledge, [redacted] For those reasons, it had to remain clandestine.

Q Do you recall him also expressing to you in that vein that it had to be sensitive , clandestine, because of possibly reveal[illegible] of the donors to the

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program? Did he mention that to you?

A As I recall, the identity of the donors was sensitive, but I don't believe it added sensitivity to the operation.

Q Did he say anything in regards to the fact that exposure in the press in the United States could needlessly irritate Congress before they had an opportunity to vote again

A That is an impression I got. I don't remember a particular discussion where the effect of Congress being needlessly antagonized was the issue. The greater issue was the people that were supporting us.

Q Did General Secord, during the month of May, begin furnishing you with a KL-43 encryptible communications device?

A Yes.

Q And could you describe that a little? What is a KL-43?

A A KL-43 looked like a small portable computer and had a little screen and a keyboard. [redacted]

If I were to prepare a message, I would type it out in clear text, encrypt it, and then prepare to send. I would call whoever I needed to send the message to, I would tell them I had a message for them. They would set up their machin to receive, tell me they were ready. [redacted]

Q How did General Secord obtain the machine?

A My understanding was he got it from Colonel North. They had been provided by NSA.

Q And who else had them besides yourself and General Secord?

A Mr. Langton of SouthernAir Transport and Raphael Quintero. Mr. Gadd had one of the machines but we did not communicate with him once I came into the operation.

The Chief of Station CIA, [redacted] whom I only knew as [redacted] had one.

Colonel James Steele, the Commander of the Military Group in El Salvador had one of the machines.

At one point in the operation he turned it over to Max Gomez or Felix Rodriguez for a period of about a month, an then took it back, and Bill Cooper, the manager of the operation.

MR. DOWD: That is Max Gomez, also known as Felix Rodriguez?

THE WITNESS: Yes, and Oliver North had at least one in the office.

BY MR. BALLEN:

Q And the code operated via secret tape, is that correct?

A We received a cassette of tapes once a month, just before the beginning of the month.

Q From whom did you receive that?

A We would receive them from Colonel North's office. The mechanics of it varied but the normal way was Shirley Napier, the Administrative Assistant, would go down to the White House and meet Fawn Hall, who would give her a package containing -- If I was going to be able to get the ta distributed to the other members, then I would receive all of them. If Colonel North was going to see [redacted] before Mr. Quintero, then he might keep that one.

Q Did you travel through Central America soon after you started working at STTGI?

A Yes, I did.

Q When was that, sir?

A That was in the latter part of May, around the 20th, somewhere around there.

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Q What was the purpose of the trip?

A This was the initial visit. It was to get eyes and hands on the operation, actually take a look at the aircraft, all of the assets that we had, to meet the people, and become truly familiar with what the problems were and try to figure out why the operation wasn't working.

Q How many aircraft did the operation have at that time?

A We had four.

Q And briefly, what kind were they?

A We had a Maule, which is a light single engine aircraft that we used more for a taxi to get to the other forward operating bases.

We had two C-7 DeHavilands, and one C-123, which was also a twin engine transport.

That was the 19th of May, the first time.

Q And how many flight crew and mechanics were stationed there, approximately?

A The average over the time I believe was 19.

Q And at that time did you have an opportunity to inspect the warehouse that was maintained for the operation?

A I did.

Q And what in general did it have in it?

A At that time, we had one very small area that we put some of our spare parts in. It was totally inadequate for the numbers that we should have had and would need. [redacted]

Q Were there any rifles among the weapons?

A Yes. AK-47 rifles, HK-21 machine guns. There were uniforms, bundles of, many bundles of uniforms.

Q That was at your main base [redacted]

A Yes, sir.

Q That would be

A Yes.

A We were attempting to establish

[redacted] a place we referred to as either West or the Plantatio which was on the northwestern coast of Costa Rica, just below the Nicaraguan border, right on the seacoast. We had a 5600 foot strip there that we had built.

Q Who had initially ordered the construction of that airstrip?

A My understanding was General Secord and Colonel North had initially had it constructed.

Q Now, when did the air operation, to the best of your knowledge, that you took over in May the management of, when had that operation begun?

A My understanding was around the first or second month, either January or February.

Q Do you know how many successful drops of munitions and other supplies had been made by the time that you had taken over the operation?

A To my knowledge, there had been no successful drops by the organization to the south -- the southern forces. Ther had been some drops inside Nicaragua to the northern forces, but I don't know how many.

Q So did you know about a SAT drop that they made?

A Yes. I was told about SAT. I knew about it after.

Q That was to the south?

A Yes, that is why I said our organization --

Q Maybe you should clarify that a little further.

A There had been, once I went down to visit, I was told and shown on the map where a Southern Air Transport L-100 had made a drop to some of the southern forces wherein they [redacted] loaded the supplies they were going to dro then flew a rather lengthy trip, penetrated from [redacted] to make the drop.

Q With reference to the airstrip that was being constructed in Costa Rica, did Oliver North ever tell you that [redacted]

A Yes, sir.

Q [redacted]

A

[redacted]

Q This is what Colonel North had informed you?

A Colonel North and General Secord one, and/or the other.

Q Sir, what was the financial administrative setup? Specifically what role did Udall [redacted] play, Corporate Air Servic and East, to the best of your knowledge?

A To the best of my knowledge, the invoices that I received would show expenditures, I would receive invoices from East Corporation, which I understood had consultants suc as people that built the airstrip down in Costa Rica. Their salaries were paid through East, and other support items. If they helped us procure parachutes and that sort of thing, these sort of things would show on the invoice. Ace was the means by which the air crews were paid and I would receiv a separate invoice for that.

Q This is what you were referring to earlier, that they would tell General Secord of the invoice and he or you would contact Mr. Hakim?

A He would normally contact Mr. Hakim. If he was unable to contact him at the time, or if he wasn't around, then I was to call Mr. Hakim.

Q Referring back to your first trip to Central America, specifically [redacted] who did you meet with when you arrived there?

A We were met by Mr. Cooper, who is manager [redacted]

That evening -- we didn't mention Raphael Quintero flew down there with me [redacted]

The second evening, Raphael and Felix and myself sat down and Felex described some of this background [redacted]

Q Did you meet at that time three crew members who wer from Great Britain, or British?

A Yes, three. Two pilots and a load master or kicker, had been hired for the operation before I came on board. They were just arriving down there when I went down.

Q What was the plan behind hiring the British crew people?

A My understanding, since I wasn't there when they were hired, my understanding was that they were hired to fly missions that would go to the interior of Nicaragua, wherein American pilots would not cross the border. We American pilot would fly [redacted] out to the forward operating bases on the border. They would stay outside of Nicaragua, and likewise, the flights to locate equipment and munitions in a basi [redacted] they would fly those missic

The idea was that the Brits would then fly the missions into Nicaragua itself. Unfortunately, when they got down there, while they were advertised as having been highly experienced multi-engine people, it turned out that one of them did have, one of the pilots had some experience in multi-engines, the other was a helicopter pilot, who had very littl experience. They were never of any particular value. They never flew operational missions for us. The pilots didn't. I believe the kicker -- loadmaster, flew one or two missions.

Q Now, Mr. Dutton, back to the plan behind the British crewmen. Did Colonel North inform you of the plan?

A I believe General Secord did.

Q Did you ever have any discussions with Colonel Nor about that?

A I probably did, especially when we were discussing the problems we were having with them, that we discussed what the purpose had been and the fact they were not going to do what it was we wanted, or needed done.

Q Now, because of problems you were having with thes individuals, did there come a time in mid-June where Colonel North authorized regular missions by American manned crews inside Nicaragua?

A Yes.

Q And in about the middle of June again, did you seek to construct additonal space in the warehouse that you already had?

A Yes, we did. We, as I said, one of the big problem with getting the aircraft flying and keeping them flying, was having adequate spare parts for them. Therefore, we hired a separate individual to be stationed in Miami at Southern Air Transport to acquire the supplies that we needed, the spare par for the aircraft and then to forward them [redacted]

Once down there, we needed to have a place to store them out of the weather and someplace to get it organized.

[redacted]

Additionally, we had got approval to put a ramp in down by our warehouse so we could move the aircraft down and have them close where we needed to work on them.

Q Who authorized the expense involved?

A To my knowledge, Mr. Secord.

Q Off the record.

(Discussion off the record)

BY MR. BALLEN:

Q Does this ~~reresh~~ refresh your recollection?

A Yes. As far as who authorized the payment, it woul have been General Secord and Colonel North. I was probably informed by General Secord but it would be something they both agreed to. Yes, we were going to make the expenditure.

Q If General Secord said yes, we are going to spend it, it would be something to the effect yes , Ollie approves making the expenditure?

A Ollie and I agreed to do it.

Q Now, after you returned to the U.S. in late May, did you receive communications from Oliver North?

A Yes.

Q Did he tell you the need, the urgent need to get arms to the Contra troops?

A Yes.

Q And what, if anything, did he say at that time concerning new recruits?

A I believe I mentioned before that the force was building at a rapid rate, and that not being able to supply them would put them in jeopardy, and that we had to do everything we could to get a viable air operation working that could support this force.

Q Let me show you what I pre-marked as Dutton Exhibits 3 and 4, and ask you to take a look at those. Let me direct your attention to what I am referring to on 3 is just the very last paragraph.

A Okay.

Q On the back.

A All right. Okay.

Q Sir, do you recognize these exhibits?

A I recognize this one as being mine, and that is Exhibit 4, as one that I sent to Colonel North.

Q And what are these? You say you sent to Colonel North. What are these exhibits? What do they represent?

A Well, they represent communications dicussing firstly the general condition of the operation. Colonel North was looking for some help to fix some of the FDN aircraft that were broken that they weren't able to fix them. He was lookin to see if there were some things we could do to fix the runway down at the Plantation, because we had stuck an airplane in the mud there because water was flowing under the runway unbeknownst to us, and for the first time, he introduced the fact we might get another aircraft, which we did definitely need, because this is the first time it was brought up and opened the door for us to now improve the operation.

Q That is Exhibit number --

A Three.

Q That is dated what date? Approximately the middle of June?

A Yes, the 16th of June.

Q That is referring to Exhibit number?

A Four.

Q Referring to number 4, that would be another KL-43 message, is that correct?

A Yes sir.

Q Transcription?

A Yes. I am sending the message to Colonel North telling him we are ready to fly and the C-7 mission that we had had arranged to get some munitions to the southern forces.

Q You had also informed him in that message that we are looking for another aircraft?

A Yes.

Q Now, sir, what steps at this time did you take in addition to the possible purchase of another aircraft, to attempt to speed air deliveries to the forces, Contra forces? Did you look to purchase a jet engine?

A Oh, we looked to get -- we had to replace a jet engine on the 123. We had an accident that had destroyed the one engine and we were looking to purchase a spare. Not only, a jet engine, but we were going to purchase spare engines for both the C-123 and the C-7.

Q By the end of June, had any successful missions been flown to the southern forces?

A The C-7 I believe flew one or two successful missions.

Q Did that C-7 require any special refueling?

A Yes.

Q Needs?

A Yes.

Q In order to carry any kind of load which eventuall I believe was down as low as 4 or 5,000 pounds of munitions. They could not carry enough fuel to fly [redacted] down to the drop zone and return. Therefore, with the help of [redacted]

Q Directing your attention to on or about the middle of July, '86, did you have a meeting with Oliver North, Richard Secord and Albert Hakim?

A Yes sir.

Q And during this meeting did North discuss his contacts on Capitol Hill?

A I don't recall a specific contact.

Q What was the general nature of the discussion?

A The general nature of the discussion was how we we going with the operation, what was being done for us to becom operational, where did we stand as far as how long we would be in operation.

Q Let me ask this question: Was there, do you recal

BY MR. BUCK:

Q Do you recognize Exhibit 9?

A Yes, I do.

Q Would you tell me what it is?

A On the thirteenth of August, we received the first

Q Is it a KL-43 message?

A Three KL-43 messages.

Q What are the dates of the three?

A They are all on the thirteenth of August. Two of them on the thirteenth. There is no date on the last one.

Q Would you imagine that is around the same date?

A Yes sir.

Q Who was the third one from?

A Bob Earl.

Q Who is it sent to? Do you know who it was sent to

A I believe it was to General Secord.

Q Did you read this at the time it was sent?

A Probably.

Q Do you recall discussing this with General Secord?

A I believe I did.

Q I am interested in the first part of the first sentence. Let me read it to you. My reading is that it results from your report last night that [redacted] had been directed hands off by DCI. That would be a report from General Secord to Bob Earl?

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a meeting between Oliver North and Felix Rodriguez?

A Yes.

Q What occurred during that meeting?

A Colonel North asked me to have Felix come to Washington. Felix had become a rather serious problem for security reasons. He was talking to a number of people about the operation. Colonel North and General Secord were both very disturbed by that, because it could have caused the operation to become known.

Q ' I am sorry to interrupt. How did you know that he was causing a problem, who had told you?

A Colonel North and General Secord. We thought if Colonel North talked to him in the White House, in the office rather, that it might impress him enough that he would no longer be a security problem.

Q And did that conversation occur?

A Yes, it did.

Q Sir, after your first trip to -- let me just show you at this time what I pre-marked Dutton Exhibit number 2 and ask you to take a look at it.

A Yes, I recognize it.

Q How did you recognize it?

A This is a reorganization plan that I drew up, starting in, I guess I began it right after I came back from the first time, and we finished it in mid -- just before I

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went down the second -- for my second trip in June.

The first pages of it go back through the wiring diagram, what we referred to as the reorganization plan that outlined a new organization that was going to control, direct, the operation, wherein General Secord and Colonel North would ostensibly not be part of the operation any longer, and that a new group, known as BC Washington, or Benefactor Company Washington, would take over the responsibilities.

Q Was that in name only?

A That was in name only, and it was in fact General Secord and Colonel North ~~remamed~~ remained exactly where they had been in the organization, but because of another lawsuit and with the problems with Felix, General Secord had asked me to present this new organization and inform Felix that North and Secord were no longer in the operation, with the hope if he told the people he had been talking to that in fact North and Secord were out of it, that they could then continue operating without being bothered by these outside forces.

Q Sir, what are the last couple of pages?

A Once we had the reorganization plan put together, and as I said, in July our discussions started centering around the fact it looked like the $100 million was going to be voted by Congress to support the Contras, the idea was once that money was voted, what would happen with the organization that we had set up.

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In order to make a presentation to the CIA, we prepared a list of all the assets and the expenditures for the operation which showed that we had a total value of somewhere in the vicinity of $4 million. It showed what our costs were, what sort of inventory of munitions and other supplies we had, a description of other assets, all the assets, the idea being this is a package that Colonel North could take to the CIA and hand to them and say this is the operation that ~~htat~~ is in being if when you get the $100 million, this is the way you want, if you want to take this organization over, here is what it is. At least you know now what it is.

Q Did you show this document to General Secord once you had prepared it?

A Yes.

Q And did he approve it?

A Yes.

Q Did you show the document to Colonel North once you had prepared it?

A General Secord took it to Colonel North.

Q That is what General Secord had told you?

A Yes. In fact, they did some editorial work on some of it. It was Colonel North's work.

Q How do you know that?

A General Secord said that he wanted -- I had never heard of Project Democracy, and they had added that into the

first general paragraph, so I didn't know where that came fro
and he told me Colonel North put that in.

Q Just to ask you several questions about the documen
the value on the assets, is that something that you determined

A No, General Secord had most of the knowledge on th

Q And in terms of the inventory at the warehouse [redacted] as of 22 July, '86, who had conducted that?

A To the best of my knowlege, that was Mr. Cooper and he was working with the local UNO representative, who kept a complete inventory of all of the assets that went into the warehouse at all times.

Q And the last page, page 14 of the document, the various options that were presented to the CIA, who had explained those options to you?

A General Secord.

Q And these options -- there were two options presented, is that correct?

A Yes, that is correct.

Q The first being what?

A Sale of the entire operation to the CIA.

Q And the second option?

A For them to take over operational control and then we would stay in place as a proprietary and continue to run th
operation for them.

Q And which was the preferred option?

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A To sell it outright. We did not want to continue in the operation if it wasn't absolutely necessary.

Q In that proposed sale, was the reason that the assets were valued so you would have a figure?

A Yes, eventually. The major idea was though, to put in perspective the value. It could have been given to them bu here is at least a value of what is there before they said forget it, we are not going to have anything to do with it, they should at least know what was there.

Q · Did Colonel North tell you that after this plan was presented to him that he had discussed the sale of the assets directly with Casey of the CIA?

A I don't ever recall a specific discussion where he said he had discussed it with Mr. Casey. [redacted]

Q But the plan was that Colonel North was to discuss the sale of assets on behalf of the organization with the CIA?

A That is correct.

Q Sir, in addition to the assets, there was the resupply assets, also the airstrip was among them, is that correct?

A That is correct.

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Q And you endeavored to sell the value of the airstr in addition to the other assets?

A You could say that it was to sell it. Again, it was to put a value on it, to say this is part of the operatio this is part of what the organization is made up of, and it has value and we estimated it to be this much.

Q Wasn't the purpose that the assets would be bought and then run as a proprietary, perhaps as a CIA proprietary?

A However, CIA would want to do that.

Q Let me show what has been pre-marked as committee exhibit number 5. Do you recognize that document?

A Yes, it is one of my KL-43 messages to Lieutenant Colonel North.

Q And referring to about two-thirds of the way throug the message, it says "this matches what Dick said to you about getting a firm plan from the CIA as to their program for air support."

A Yes.

Q And earlier in the message it was to inform that the ownership of the assets were to belong to a Panama based company and upon collection of their support, they would be returned to that company for future disposition?

A Yes.

Q Was there any discussion with North at this time as to his seeking to get a firm plan so you could present that to

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the people in Central America?

A We are at the 20 August time frame right now. At this time, there were a number of things we were looking for, what all of the various options could be as to how we would dispose of or move the assets once the CIA came in and took over. There was a problem with [redacted]

Q Let me ask the problem with had he expressed the view that the assets belonged to the Contras?

A Yes, he and I think with Max's help, had --

Q Max being Felix Rodriguez?

A Yes sir, was convinced that the assets belong, assets being the aircraft, the munitions and everything, belonged to the Contras and therefore, if we were to leave, the assets would stay and they belonged to the Contras.

General Secord's position was that they did not belong to the Contras, they were in fact purchased by a privat company, and that they belonged to that company, and they were being used to support the Contras.

Q What was Colonel North's position in this regard?

A I believe that he agreed with General Secord.

Q Did he tell you so?

A He agreed with General Secord.

Q Let's take a break.

(A short recess was taken)

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BY MR. BALLEN:

Q During your management of the air resupply operation, how frequent was your contact with Colonel North?

A Over the telephone, KL-43, almost daily, if not everyday, but I rarely saw him. Maybe saw him eight or ten times throughout the entire operation.

Q And your contact with General Secord?

A It was whenever he was in town, it would have been daily.

Q Sir, let me show you this document which I didn't mark. This is a KL-43 message. I will ask you to take a look at it.

A Okay.

Q Do you recognize that meassage, sir?

A This is one that I received from General Secord.

Q And what is he describing to you? It is dated. What is the date?

A It is dated the tenth of September. I have now arrived down [redacted] I arrived there the evening of the eighth. On the ninth.

Q Why did you go down there?

A Again, we were still not flying the missions, accomplishing what we set out to accomplish. We were able to fly aircraft a little more, but weather was a problem, making contact with the Contras down in the operational areas was a continuing problem, and we were flying missions but nothing was being delivered because we couldn't find the troops to deliver them or they couldn't identify their own position where we could get to them.

Q In fact, did you not fly a mission on the ninth of September?

A I did, to find out first hand exactly what those problems were.

Q Did you fly inside of Nicaragua?

A Yes, I did.

Q Let me, before you get to that other exhibit, show you what has been pre-marked as Exhibit Number 6.

A Yes.

Q Do you recognize this document?

A Yes. This is a message sent after the mission on the ninth of September to Lieutenant Colonel North.

Q In that message did you ask for any help he could give in terms of weather and for locating troops?

A Yes, that is correct.

Q Did you call Colonel North late that night at home, personally call him, not on the KL-43, that night?

A Yes, I did.

Q And at that time did you tell him that you had flown personally to Nicaragua?

A I described -- I was describing the problems that we encountered on the mission and from the way I was describin it, he made a deduction and he said you flew on the mission, didn't you? I say, yes, I did.

Q What did he say?

A He said, don't do it any more. He said you are too valuable, you know too many of the people, too much about the operation, and we can't have you exposed.

Q Now, sir, if you could refer to that, referring to the other document which I had as Exhibit Number 7.

A Okay.

Q This is one that you were referring to earlier dated September tenth?

A Yes.

Q I am sorry, to General Secord?

A No, to me from General Secord.

Q What does it say?

A It is General Secord's reaction to the mission that I flew on the ninth. We spent an hour flying around inside Nicaragua at very low altitude trying to fund the forces that we were to drop to. After an hour, we had been completely unable to find anybody, so we brought the load home, and General Secord's reaction was that we had to ~~[illegible]~~ fund some way of being able any time we flew a mission to get the delivery on the ground. That and in discussions about this later it was costing us $6 or $7,000 everytime we flew a mission, they were

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very long and very difficult, and we had to make them pay off by getting the goods delivered somehow.

Q There was a problem with funds. You couldn't spend limitless --

A That is correct, and trying to keep the money in the fuel fund to where we could continue to fly. We couldn't be wasting it on missions we weren't delivering anything.

Q And General Secord in this message, refers to a surge. What was the purpose behind the surge of the southern force?

A If we could find a way that we could, in fact, get deliveries made to the southern forces, General Secord had okayed us keeping both C-123s and both C-7s down there to fly as many missions as regularly as possible to deliver as much of the material in the warehouse to both the north and south forces.

Q What is meant in that message when it talks about a force feed operation?

A This is a force feed op don't go again unless we can drop without contact. What that means, we were going to get the munitions down into their area at some place where we could find them and we were going to be flying. In other words here are the goods, they are now in your lap, get them and use them.

Q Let me show you what has been pre-marked Exhibit

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Number 8, and ask you if you recognize that document?

A Yes. This is a message from me to Colonel North.

Q And in general does this message describe the deliveries of munitions to the south?

A Yes, it does.

Q Were you sending regular almost daily reports to Colonel North to inform him of the surge in the south?

A Yes, starting probably around the eleventh or twelfth of September, we had found a way where we could locate drop zones that were easily identifiable on the map to where W [redacted] could inform the forces there is going to be a load on the ground at these coordinates and this place on your map so they could tell us how to get to them and find them.

We tried that, and it worked, and therefore, now we had determined all right, we were going to be dropping everyday if we could find, if we could have a primary drop zone, we wanted to drop to an alternate in case that one was under weather. We would take a load down there everyday, I could give a report at the end of the day, and the troops became very successful at this.

Q Sir, referring, it says in the message, "have photo proof of load in center of drop zone, positive ID of drop down photo proof."

Were these photographs that were taken of the drop zone to avoid the flights --

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A Yes, they took --

Q And were these photographs subsequently put into a photograph album?

A Yes, they were.

Q Why were they put into an album? Who did it?

A When I returned from [redacted] I believe that was around the -- I had just before leaving, gone through a stack of photographs that the troops had down there, which included pictures from air drops that showed drop zones. We call it a Parrots beak. It was easily identifiable, had the load on it. What I wanted to do was with picture evidence, try to describe for the people up here what the problems were and how we were dealing with the operation in Nicaragua.

So I put together a photo album that included pictures of the aircraft [redacted] which showed [redacted] showed some of the people we had working there, working on the aircraft, and it had pictures on to show the kind of weather that they were flying into and through.

It had pictures of the drop as the load came out under the parachute and pictures of the load on the drop zone so people would have positive evidence that the loads were delivered on the ground.

Q It also had a picture of you in there with a HK-21 machine gun.

A We had HK-21 on a C-123. I was sitting in the back

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of the C-123 with some of the other crew members.

MR. BALLEN: Off the record.

(Discussion off the record.)

BY MR. BALLEN:

Q You described one of the purposes of the surge being to get supplies, badly needed supplies, to the southern forces, is that correct?

A That is correct. In addition, since we had the aircraft now working and we had a means to make the deliveries in part since we had all the aircraft working now, we had a means of making the drops, we were building up a case for the fact that the operation was now in fact a successful operating air resupply operation and that that would be looked at by CIA as something that was now a viable operation for them taking it over, purchasing it, or whatever reason, where they came into the operation.

Q Was it your understanding at that time that North had met with [redacted] and Casey of the CIA in order to effectuate purchase of these assets?

A Yes, sir.

Q And that this was something that both General Secord and Colonel Oliver North had wanted to happen?

A Yes, sir.

Q Sir, what did you do with the photograph album once you prepared it?

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A I gave it to Colonel North when he visited our offices in Vienna.

Q And what did he say when you gave it to him?

A He was very pleased with it and said that he was going to take it to the top boss, which I assumed to be the President.

Q Why did you assume that to be the President?

A I had never heard him use that term before about anybody else, any of the other players. It was always some very general association or term. I never heard him say the top boss. That was just my impression.

Q Did he ever mention to you at any other time the President of the United States?

A On one occasion after we got -- when I had returned and we had the operation working, he mentioned that while I would never get any medal for what we had done, that one day the President would shake my hand.

Q Now, about this time when the drops were successfully being made to the southern forces, how many drops were being made? Do you know the number of pounds, how many drops, and what kind of poundage of munitions were dropped to the southern forces?

A We were making a drop almost every day and I would say we had probably accomplished between 15 and 20 drops, and had put somewhere in the neighborhood of 180,000 pounds of munitions and supplies on the ground.

Q , Sir, did at that time, Colonel North ask you to arrange a trip for him down to Central America to take a look at the operation?

A Yes.

Q What exactly did he say he wanted to do?

A He asked that I call down to Southern Air Transport and get the Jet Star set up. We would make a flight to [redacted] [redacted], spend the night, and fly to visit the people there, the troops, so he could talk to them. He was very proud of them at that point and thought it would be a short trip.

Q Proud of them for what they had done during the month of September?

A Yes. We didn't want to put him -- he never made th trip. The trip was never made because I believe it was becaus of all the business on the Iran part of the operation that his schedule was such we were never able to accomplish the trip.

Q During the month of September were there FDN or Contra representatives aboard the planes?

A Yes. We would carry, we call them Spanish speaking radio man with a little portable radio that the plan was when we get in the area of the drop zone, we had a pre-set frequenc that [redacted] would pass to the ground forces and we would be on it and then the troops on our airplane, the Nicaraguans could talk to him and if we weren't directly over their drop zone or he wanted us to come to him so they could get directions.

We tried that over and over and we never made, to my knowledge, we never made contact. Maybe once or twice, but it never saved a mission for us.

Q Did any of these individuals carry personal weapons of any kind, to your knowledge?

A The FDN representative would carry an AK-47.

The others did not have personal weapons down there and I do not recall whether they were carrying a weapon or not

Q Let me just ask this question. Was it more advantageous from your point of view, to make these missions during ~~dalight~~ daylight, nighttime, dusk -- what time of day was optimal?

A At this time of the year it was the rainy season, and at night would have been the safest time to go [redacted]

[redacted]

Q On or about October fifth, what occurred with reference to one of your flights?

A Bill Cooper, our manager and Buzz Sawyer, Gene Hasenfus, and an FDN radio man flew a mission daytime. They flew down the Pacific Coast side, entered [redacted] They were going to a new drop zone that was a little farther to the west than we had dropped before, and for some reason, Mr. Cooper decided to cut the corner off and enter Nicaragua from farther to the west than we had before.

In doing so, he evidently flew over an area where Sandinista forces were. The aircraft was hit with what we believe was an SA-7 missile and was shot down. Gene Hasenfus wore a sport parachute that I understand now that his brother had given him, but he had that on, he was able to get out of the aircraft and was subsequently captured I believe a day later.

Q Did the other men have parachutes on or not?

A No, they did not.

Q And did you inform General Secord and Colonel Nort when you learned of this?

A As soon as I got the word, yes, I did.

Q And did Colonel North attempt to get a search operation underway?

A Yes. [redacted] It cou

have ditched in the water, any number of things could have happened. We wanted to get aircraft out looking for it.

Within a few hours though, the word -- I got a cal that Cuban radio was carrying a report that the Sandinistas had shot down -- I think the first report was a C-47 -- in southwestern Nicaragua and since we knew that is where Mr. Cooper was flying, we assumed that that probably was what had happened. That was ~~wht~~ what had happened. That was verified shor thereafter.

Q And sir, was there a discussion between yourself, General Secord and Colonel North as to the payment of death benefits to Cooper and Buzz Sawyer?

A Yes. Mr. Secord determined on his own, while ther was no contractual requirement and nothing had ever been talk about as far as death gratuity or benefit, that he just felt the right thing to do would be to pay the survivors -- Buzz Sawyer's wife and Cooper's three daughters a debt benefit of $60,000 each, and I was told by General ~~Vecord~~ Secord that he had requested the wire transfer be made. It was not made immedia and by the time the accounts were frozen, so to date, that ha not been done.

Q Was there any contemplation of any death benefits for the FDN representative on board that flight?

A I don't know.

Q I have no further questions.

BY MR. BARBADORO:

Q Just a couple of things. Could I go through this month by month?

In May of is it '86, how many successful drops by aircraft were made to the southern front troops in May of '86? Your answer was?

A None.

Q How about in June of ~~87~~ 86?

A It depended on when the C07 mission went. Either June or July there were two. Then after that there were none until September.

Q And how many successful drops were there in September?

A I can't give you the exact number. My estimate would be 15.

Q That is all.

BY MR. BUCK:

Q Would you please look at this?

MR. BALLEN: It is Exhibit 9.

BY MR. BUCK:

Q Do you recognize Exhibit 9?

A Yes, I do.

Q Would you tell me what it is?

A On the thirteenth of August, we received the first

Q Is it a KL-43 message?

A Three KL-43 messages.

Q What are the dates of the three?

A They are all on the thirteenth of August. Two of them on the thirteenth. There is no date on the last one.

Q Would you imagine that is around the same date?

A Yes sir.

Q Who was the third one from?

A Bob Earl.

Q Who is it sent to? Do you know who it was sent to?

A I believe it was to General Secord.

Q Did you read this at the time it was sent?

A Probably.

Q Do you recall discussing this with General Secord?

A I believe I did.

Q I am interested in the first part of the first sentence. Let me read it to you. My reading is that it results from your report last night that [redacted] had been directed hands off by DCI. That would be a report from General Secord to Bob Earl?

A I don't know.

Q Do you know what DCI refers to?

A Yes, Director of Central Intelligence.

Q At this point in time who would that be?

A William Casey.

Q Can you tell me who [redacted] W is?

A

Q

A

Q What does it mean that they had been directed hands off by Mr. Casey?

A Well, [redacted] W had been assisting us with the support for the southern front, locating troops, passing communication back and forth. So I am sure what they were referring to is that he had been told not to deal with the operation, with our people any more, don't talk to them.

[redacted]

Q So, is it your understanding that this is an attem by the Director of Central Intelligence, Mr. Casey, to separa himself a little bit more from your activities?

A Yes.

Q Was that consistent with what you understood the CIA's role to be?

Q The CIA's role vacillated. They were --

A Let's determine who in the CIA's role vacillated.

A We would get word that, well -- we would understand that the CIA could pass weather and intelligence information to us.

Q You say we?

A The people [redacted] General Secord, and myself.

Q You got word from General Secord, is that correct, that the intelligence officials --

A That was always true from the beginning, that was part of the law said they couldstill provide intelligence data to the FDN, which would include weather.

Q Whose understanding of the law was this?

A General Secord. And mine once he told me about it.

There were times that we -- I would hear from Raphael Quintero that he had talked to [redacted] and the CIA, whoeve was talking to [redacted] from the CIA had said they needed to back away from the operation and not be involved.

Q Let me interrupt you right there. This is not an isolated incident?

A No.

Q Of the CIA instructing its official in Central America to back away from the private supply operation, is th correct?

A That is correct.

Q Continue.

A Now, that didn't mean that they did.

Q But it was your understanding that the CIA from Headquarters was directing the officials in Central America to back away. Whether the official in Central America obeyed or not was another question. Is that a clear understanding or not?

MR. DOWD: State what your understanding is.

THE WITNESS: My understanding is that there were times when they would emphasize staying at arm's length. The were other times that they did not emphasize it.

MR. DOWD: By "they" you mean?

THE WITNESS: Headquarters, Headquarters that you referred to.

MR. BALLEN: What is your basis of this knowledge? Is that something General Secord told you, or Oliver North, or who, or Casey? How did you get that information?

THE WITNESS: I would get that information from talking to the people that were [redacted] as to what sort of cooperation were they getting from [redacted]

Raphael would pass to me that W [redacted] was being told t back away or nobody was bothering him, that they knew that -- when they set up the flight that went into [redacted] [redacted] since the Ambassador, the country team they have got the head of the military group and [redacted] it would have been very difficult I think for that to have transpired and headquarters CIA not know about it at all.

BY MR. BUCK:

Q Okay, what I am trying to get from you is an idea when -- you mentioned Ambassador, did you feel that the State Department was supporting your activities?

A I don't have any way of knowing whether they were actively supporting it.

Q Were these individuals acting outside of the scope of their authority from headquarters in the CIA and State Department or did you feel that they were being told by CIA Headquarters and State Department to assist you in your operation?

A I don't know.

Q Okay.

MR. DOWD: Did General Secord have a meeting with Director Casey?

THE WITNESS: He told me he did.

MR. DOWD: Did he report to you the substance of those meetings?

THE WITNESS: No, not in detail.

MR. DOWD: Generally?

THE WTINESS: Generally it was the conduct of the operation to support the Contras and discussion of the Iran operation.

MR. BALLEN: I just have one question on the Exhibit 9.

BY MR. BALLEN:

Q The first part of it is a message from Bob Earle, correct?

A Yes.

Q Asking you to pull out the forces?

A Yes.

Q What did that result from, to your knowledge?

A I don't know what specifically brought that about, whether it was, I don't know what caused it. It came as a surprise.

Q What happened when it came as a result of that?

A When the message came?

Q Yes.

A I immediately contacted General Secord, who then sent the next message back to them, back to Bob Earle, and really, to Colonel North's office.

Q Did you ever have any discussion with Colonel North did you ever get any direction from Colonel North to pull out like that as opposed to Bob Earle?

A Bob Earle, to my knowledge, would not have had the authority to tell us to bring the people out. When I got this to me, this was word from Colonel North.

Q Did you have a discussion with Colonel North about this particular message on the pull-out and why it had been issued, whether he wanted you to do it?

A I am trying to remember. I can't recall. We did discuss later whether I discussed it directly with Colonel North or not, I don't believe I did. I believe General Secor discussed it with Colonel North, and came back to me and said we are not going to pull the people out and we are not going to give in to the threats that have been made by Felix to go public, [redacted]

Q This was after General Secord had an opportunity t speak to Colonel North about it?

A As I can best recall, yes.

MR. BALLEN: Thank you.

BY MR. BUCK.

Q You mentioned before on your first trip to [redacted] that you met the British air crew?

A Yes.

Q Is that correct?

A Yes.

Q And it was your understanding that the Brits were to go into Nicaragua?

A Missions that were flown into Nicaragua itself wou be flown by the Brits. That is why they were hired.

Q How did you develop this understanding?

A General Secord told me.

Q And do you know how he was aware of that?

A No, I don't know how he was aware of it.

Q Okay.

BY MR. BALLEN:

Q Didn't you earlier testify on that point you also had discussions with North either through Secord or --

A Yes, that was the theory was they were to be hired to fly in-country missions. That was both Secord and North.

BY MR. BUCK:

Q You remember discussions with Colonel North on tha

A Since I talked to him about the Brits, I am sure we discussed what they were there for, and the fact that they weren't going to be able to fly missions into Nicaragua. So, yes, I can say yes, I discussed that with Colonel North.

Q What were your general impressions of Felix Rodrig

A My initial impression was that he was influential [redacted] and with some very high -- the Vice President -- since it didn't take him long to tell me about t

Q You gained that impression from him, not the Vice President?

A Right. As it turned out, he became a major proble in the conduct of the operation. He interfered with the operation, the operational side of it. He wanted as much control of the money as he could. He wanted a $10,000 emergency fund that he himself could use. He wanted control over our fuel fund. He wanted to be the big man in charge. He did not want to work for somebody else.

He also had asked for Xerox machines and refrigerators and all sorts of things that he was keeping dow there in his room [redacted]

Q What did you consider were his motives for doing this?

A Money.

Q That is brief.

A I will repeat, your best information can be gotten from Raphael Quintero, as to his motives and why he did most anything. Raphael knows him very well.

Q Who would he receive money from?

A Raphael said that [redacted] had been paying Felix $3,000 a month for the last couple of months, which was in violation of his retirement, which was supposed to be a full disability retirement, with CIA.

Q Why was he receiving this money?

A Obviously, I don't know why he should have but he evidently he talked to Ramon and said he needed that money for expenses or for living, or whatever, and [redacted] should pay it to him.

Q Mr. Dutton, could you look at Exhibit 2 again. Co

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you tell me what the purpose again of Exhibit 2 was?

A Two purposes. It was set originally -- well, there was three, it was set up one, as a reorganization plan, actually an organizational plan, because we didn't have an organization that you could put a wiring diagram and say who is here, this is in charge. It was an attempt to identify who had specific responsibilities for operations, for maintenance, and for support, to let all the people know who they worked for and then who they should take instructions from.

The very first paragraph, as I mentioned before, was to identify a theoretical company -- B.C. Washington, that was now taking over the operation so we could pass information to Felix that in fact North and Secord were no longer in the operation.

The third purpose was when we added the last portic of it, which was all of the inventories and pricing out, which gave us now a package that Colonel North could use to take to the CIA and say there is the operation, that is already in being, and here is how it is organized, here is what it is worth, so you can put that in your decision as to how you intend to take over or how you intend to go into operations in Central America when you get the $100 million.

MR. BARBADORO: Off the record.

(Discussion off the record)

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MR. BUCK: Back on the record.

BY MR. BUCK:

Q You mentioned that this document was to be presented to the CIA to help them decide how to take over the operation or whether to take over the operation. Is that right?

A It was given to Colonel North to use however he saw fit, but --

Q Okay.

A If you wanted to use it as a talking paper, wanted to use it as a document to leave with the CIA so they could know what was there. I don't know exactly how he handled it but that is what it was prepared for.

Q I am trying to determine whether it was the intention of your company to sell these assets to the CIA or not?

A If the CIA wanted to purchase them, then the idea was to sell them. It was also discussed that it could be given to the CIA.

Q So you are unclear about that?

A That is correct. That was General Secord's decisio

Q And you had never heard what General Secord's decision was on that matter or did you ever hear what General Secord's decision was on that matter?

A No. I think he was waiting to hear what the CIA wanted to do and that he was basically willing to do whatever

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they wanted to do, but rightfully it was his feelings that th assets belonged to a private company and they should be reimbursed for them.

Q Did he ever talk about a profit that he would make from the CIA?

A No.

Q You said that was General Secord's decision. Did ever communicate any feed back from the discussions with the CIA whether this would be a sale, a gift, reimbursement?

A No. [redacted]

A At this point in time, what is the time frame now on this?

A Which part? At this time?

Q Right.

A We are talking September, mid to end of September, right up until the fifth of October. Everything changed at that point.

Q During this time, what was Mr. Gadd's role in your organization?

A He had no role in the operational side of it. He was still, he would provide the Ace and East invoices for services that they had delivered.

Q Did he have daily, weekly, what kind of discussio

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did he have with Mr. Secord?

A He had none that I can recall with Mr. Secord, and at this period of time, let's see, I talked with him when we were setting up the radio network, I would say once a week.

Q When did Mr. Gadd's role become markedly decreased?

A Probably in June. I was still very dependent on him for background and how the operation was set up and how would we purchase the aircraft, who would inspect them, because we had serious problems with them.

Q What was Mr. Secord's contact with them?

A To my knowledge, Mr. Secord didn't talk to him at all. He didn't want to.

Q After June?

A Yes.

Q What would be your feeling about Mr. Gadd's role in any decision making capacity after June?

A Zero.

Q Again, I want to try to recharacterize some of your statements. If I am not fair make sure you correct me.

You mentioned before that the FDN had someone aboard the flights. What point of time,was that a change in policy at some point in time?

A Not really. We, in June we tried to fly a mission with C-123s to the south. We took a Spanish speaker because we had to have somebody who could talk to the ground forces.

At that time, we happened to take [redacted] with us. We determine taking [redacted] on every mission was probably not a good idea now that he was [redacted] The FDN offered to have one of their people fly along with us so that they could in fact talk to people on the ground. And since hardly any missions were flown, they did not have one on board for the two C-7 missions.

So once we started flying again with the 123s, they were on board regularly.

Q What time period did you start flying again?

A September.

Q You gave the photo album to Mr. North. He said he would take it to his top boss?

A Yes, sir.

Q Was there a reason he couldn't have said I am going to take this to the President? I am wondering. The word top boss seemed odd to me.

A All I can tell you is what he said. All I can tell you is the words he used.

Q I have no more questions.

BY MR. BALLEN:

Q I have one question. When you drew up this document in July and presented the options on these, the optio were furnished to you by General Secord?

A Yes.

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MR. BALLEN: No further questions.

(Whereupon, at 4:20 p.m., the deposition was adjourned.)

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18 Jun 86

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Exit
2.

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Bob: 6/18/86 1720

182115Z Jun 86. C-7 set to fly mission across fence tonight. Max will monitor flight on 4060 MHZ from his room. If he can get details (i.e., MSN time and drop coords via secure means), he will pass to me on machine. Max hopes to have info on medicine from [redacted] later today. He thinks they might donate. I have more details if you need. [redacted] people starting sheemetal work on C-123 today. I have bill working jet eng plus looking for another toad. Bob. BT

To North
[illegible]

Partially Declassified/Released on 11 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5246

Sent off a cable to Wash
Need flight ASAP
[redacted] is not avail
Situation is desperate
Ralph Re lawsuit
Working up DZ and hostile presence

[redacted] has data on Mountain Leprosy
Leishmaniasis

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~~SECRET~~

treatment: Glucanti
- Ampules of 5cc
- 1500 doses
- IM injection

UNCLASSIFIED

18 Jun 86

~~SECRET~~

Lt. Col. North

Exh. #4

Bob: 6/18/86 1720

182115Z Jun 86. C-7 set to fly mission across fence tonight. Max will monitor flight on 4060 MHZ from his room. If he can get details (i.e., MSN time and drop coords via secure means), he will pass to me on machine. Max hopes to have info on medicine from [redacted] later today. He thinks they might donate. I have more details if you need. [redacted] people starting sheemetal work on C-123 today. I have bill working jet eng plus looking for another toad. Bob. BT

Partially Declassified/Released on 11 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5247

Sent off a cable to Wash
Need flight ASAP
[redacted] is not avail
Situation is desperate
Ralph Re lawsuit
Working up DZ and hostile presence
[redacted] has data on Mountain Leprosy
Leishmaniasis

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~~SECRET~~

Treatment: Glucantime
- Ampules of 5cc
- 1500 doses
- IM injection

8/13/86
13 Aug 86

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~~SECRET~~
[illegible]
131300Z AUG. 1. CONDUCT EMERGENCY RECALL IMMEDIATELY. BRING THE MAINTENANCE AND AIRCREWS OUT OF THERE QUIETLY, BUT QUICKLY. LEAVE ALL THE EQUIPMENT, INCLUDING AIRPLANES. BRING BACK ONLY PERSONAL EQUIP. 2. DESTROY REGISTRATION PLATES ON A/C IF POSSIBLE, BUT DON.T DAMAGE THE A/C. 3. A[redacted] BOB, BACON, AND OLMSTEAD SHOULD GET TOGETHER. THE AIRFIELD REVERTS TO BACON.S CONTROL. 4. STEELE IS RECONSIDERING MEETING W/ YOU AND MAY CALL YOU. 5. IF HE HELPS PERHAPS THIS THING CAN BE PATCHED BACK TOGETHER FOR THE TRANSITION, BUT FOR THE MOMENT THE PEOPLE MUST BE GOTTEN OUT OF THERE. BT

R D 4671

~~SECRET~~
:
131345ZAUG86 1. THERE IS MORE THAN 1 MIL DOLLARS WORTH OF EQUIPMENT, SPARES, [redacted] LOCATED AT [redacted] I PRESUME YOUR MSG RESULTS FROM TELECON WITH OLLIE. IF SO I MUST REMIND YOU THAT THESE ASSETS ARE OWNED BY UDALL RESEARCH CORP AND THERE IS NO INTENTION OF ABANDONING THEM. 2. I INSIST ON IMMEDIATE MEETING BETWEEN BOB AND STEELE OR I WILL SEEK OUT THE AMBASSADOR AND RESOLVE THE ISSUE. DICK

1807

~~SECRET~~
[illegible]
1. MY READING IS IT RESULTS FROM YOUR REPORT LAST NIGHT THAT [redacted] AND [redacted] HAD BEEN DIRECTED HANDS OFF BY DCI, COMBINED WITH MY REPORT THAT JIM DIDN.T WANT TO MEET WITH YOU, SUPPOSEDLY AT DIRECTION OF THE AMBASSADOR. 2. THE THREAT OF A LAW SUIT AGAINST [redacted] FOR AIR PIRACY HAS APPARENTLY REALLY POISONED THE ATMOSPHERE FOR JIM AND FOR THE AMBASSADOR ABOUT THE GOOD INTENTIONS OF THE COMPANY. BT.

Partially Declassified/Released on 8 July 198
under provisions of E.O. 12356
by B. Reger, National Security Council

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6/16/86
16 Jun 86

1435 HRS. Local [redacted] 06-16-86

1. Lopez/FDN received MSJ. from the farm. They are very happy awaiting Caribu. Can we send them tomorrow?

2. Drops will take place at [redacted] and [redacted]

3. We have run out of funds. Pls send ASAP, Ramon again using money of his own. Also construction not started for same reason.

4. I will leave tomorrow morning for [redacted] with [redacted] but will be back late afternoon same day.

FIN

162300Z Jun 86 in response via Max.. Understand FDN wants to start flying men into [redacted] and [redacted] starting tomorrow. I have no problem with that if you don't. C-7 should be ready. Rules remain as I gave them to you before... They must provide necessary EET on DZ and route, we will not drop any people. The A/C cmdr has final go vote for all missions. Max [illegible] C.R from [illegible] best. Suggest transfer fuzz busters to C-7 for this event... Did they do you any good on last mission? Call on the machine if you have any questions. Col B.T.

>

Bob to Max 170030 Jun 86 Need to determine capability to fly support mission to same troops as Sat nite with C-7 using West as refueling stop. Would mean tomorrow nite. Advise how much load can be carried. Lopez says situation desperate. Ralph is coordinating with [redacted] people. This mission will take priority given need. [illegible] we got at least one drop into them. Their problem Sat nite was that ground troops had misidentified their position. Work the details and advise ASAP Bob

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1544

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under provisions of E.O. 12356
by B. Reger, National Security Council

[illegible] will fly msn tomorrow night 2. load the
3. Advise location of DZ if changed & light pattern used to mark DZ &
mission on info provided on last 5. Besides CH·2 and Ch 4 advise
UNO troops to monitor 4035 MHZ for both comms. We suggest C-7 call as
[redacted] UNO troops call sign [redacted] 6. Advise direction UNO heard
C-123 N or So. 7 TOT 0345L 8 Pls answer tonight but no later
than 0800L DC time tomorrow.

Bob to Max thru Ralph .. Goode advises [redacted] unable to determine exact location of troops. Therefore, tomorrow fly in support of northern ops forces. We will fly the southern msn when we get the no 1 C-7 operating or use No 2 later in the week. Bob

Note from Goode: Can Bill help UNO fix DC-4 or 6? Can we get PSP or something @ plantation so can use R/W? What is being done to fix R/W now?
Do we need to buy another A/C to cover Southern ops? What kind?

Fm Ken .. Need Omega units at [redacted] Need to get 2 more long range lorans. 1430

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Exibit 5 20 Aug 86

to Goode

201420ZAUG86_FRM MAC..REF YOUR DISCUSSION WI DICK LAST NITE. IN MY TALK WITH STEELE LAST WEEK. I REQUESTED THAT HE MAKE THE SITUATION CLEAR TO [redacted] AS TO THE OWNERSHIP OF THE AIR ASSETS AND ASSOCIATED EQUIP. HE WAS TO INFORM HIM THAT WHILE THE ASSETS WERE MADE AVAILABLE TO THE CAUSE. THEY BELONGED TO A PANAMA BASED COMPANY AND THAT UPON COMPLETION OF THEIR SUPPORT WORK HERE THEY WERE TO BE RETURNED TO THAT COMPANY FOR FUTURE DISPOSITION. STEELE FELT THAT HE WOULD HAVE TROUBLE GETTING [redacted] TO ACCEPT THIS UNTIL HE COULD SEE WHAT TYPE OF SUPPORT WAS COMING IN TO REPLACE US. THIS MATCHES WHAT DICK SAID TO YOU ABOUT GETTING A FIRM PLAN FROM THE CIA AS TO THEIR PROGRAM FOR AIR SUPPORT. THIS WE MUST GET ASAP AND PASS TO STEELE TO PAVE THE WAY FOR OUR DEPARTURE. IF WE DONT GET IT. OUR WITHDRAWL COULD BE A MESSY AFFAIR. SUGGEST YOU TALK TO STEELE AND CONFIRM THAT WE ARE GOING AFTER THE CIA PLAN AND WILL ADVISE HIM ASAP. BOB BT.

5251

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Exhibit 6
9 Sep 86

To Goode

090330ZSEP86 1.ARRIVED AT COORDINATES EARLY 17[illegible] WITH ALL MAGIC ON A/C WORKING. BEGAN EXPANDING CIRCULAR SEARCH PATTERN IN AREA FOR APPROX 30 MIN. NO SIGHTINGS OR RADIO CONTACT. SEARCHED FROM A/C WITH BINOCULARS BUT NOTHING. ATTEMPTED TO GO TO ALTERNATE DZ. [redacted].BUT SEVERE WX. PREVENTED US. RETURNED TO PRIMARY DZ AND CONTINUED TO SEARCH UNTIL 1300L. WX WAS GETTING WORSE BY THE MINUTE AND ABSOLUTELY NO INDICATION OF ANYBODY ON THE GROUND. THEREFORE RET. [redacted] WITH LOAD. 2.WE HAVE BOTH A/C READY AND ARE WILLING TO BRING BOTH OF THEM DOWN TOMORROW IF WX PERMITS AND WE CAN GET A BETTER IDEA OF WHERE TROOPS ARE. WILL WORK WITH [redacted] TO GET WX REPORTS. ANY HELP FORM YOU WOULD BE APPRECIATED BOTH FOR WX AND FOR LOCATING TROOPS. WE GOT SOME MEDICINE FROM FARM TODAY AND WILL BRING IT IF DESIRED. 3.UNDERSTAND SANDANISTAS SHOT DOWN ONE OF THEIR OWN A/C YESTERDAY..C-47. IT HAPPENED UP IN AREA WHERE OUR C-7S HAVE BEEN WORKING. 4.SORRY FOR NO GOODS TONIGHT BUT WOULD HAVE BEEN COMPLETE WASTE TO THROW IT OUT WITH ABSOLUTELY NO CONTACT. PLS ADVISE HOW YOU WANT TO GO FROM HERE. BOB BT.

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[redacted]

UNCLASSIFIED

4 MAY 87
Robert C. Dutton

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090330ZSEP86 1.ARRIVED AT COORDINATES EARLY 1717L WITH ALL MAGIC ON A/C WORKING. BEGAN EXPANDING CIRCULAR SEARCH PATTERN IN AREA FOR APPROX 35 MIN. NO SIGHTINGS OR RADIO CONTACT. SEARCHED FROM A/C WITH BINOCULARS BUT NOTHING. ATTEMPTED TO GO TO ALTERNATE DZ. [redacted] .BUT SEVERE WX. PREVENTED US. RETURNED TO PRIMARY DZ AND CONTINUED TO SEARCH UNTIL 1800L WX WAS GETTING WORSE BY THE MINUTE AND ABSOLUTELY NO INDICATION OF ANYBODY ON THE GROUND. THEREFORE RET. [redacted] WITH LOAD. 2.WE HAVE BOTH A/C READY AND ARE WILLING TO BRING BOTH OF THEM DOWN TOMORROW IF WX PERMITS AND WE CAN GET A BETTER IDEA OF WHERE TROOPS ARE. NEED TO KNOW IF THEY HEARD US. IF THEY DID NOT. THEY ARE SOMEWHERE OTHER THAN 11.21N/84.18W.WHAT WAS WX IN TROOPS AREA AT 1715L? WILL WORK WITH [redacted] TO GET WX REPORTS. ANY HELP FROM YOU WOULD BE APPRECIATED BOTH FOR WX AND FOR LOCATING TROOPS. WE GOT SOME MEDICINE FROM FARM TODAY AND WILL BRING IT IF DESIRED. 3.UNDERSTAND SANDANISTAS SHOT DOWN ONE OF THEIR OWN A/C YESTERDAY..C-47. IT HAPPENED UP IN AREA WHERE OUR C-7S HAVE BEEN WORKING. 4.SORRY FOR NO GOODS TONIGHT BUT WOULD HAVE BEEN COMPLETE WASTE TO THROW IT OUT WITH ABSOLUTELY NO CONTACT. PLS ADVISE HOW YOU WANT TO GO FROM HERE. BOB BT.

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4 May 87
Robert C. Dutton

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9 Sep 86

To [illegible]

090330ZSEP86 1.ARRIVED AT COORDINATES EARLY 17[redacted]WITH ALL MAGIC ON A/C WORKIN AN EXPANDING CIRCULAR SEARCH P RN IN AREA FOR APPROX 30 MIN. NO HTINGS OR RADIO CONTACT. SEARCHED FROM A/C WITH BINOCULARS BUT NOTHING. ATTEMPTED TO GO TO ALTERNATE DZ. [redacted] .BUT SEVERE WX. PREVENTED US. RETURNED TO PRIMARY DZ AND CONTINUED TO SEARCH UNTIL 1850L. WX WAS GETTING WORSE BY THE MINUTE AND ABSOLUTELY NO INDICATION OF ANYBODY ON THE GROUND. THEREFORE RET. [redacted] WITH LOAD. 2.WE HAVE BOTH A/C READY AND ARE WILLING TO BRING BOTH OF THEM DOWN TOMORROW IF WX PERMITS AND WE CAN GET A BETTER IDEA OF WHERE TROOPS ARE. WILL WORK WITH [redacted] TO GET WX REPORTS. ANY HELP FORM YOU WOULD BE APPRECIATED BOTH FOR WX AND FOR LOCATING TROOPS. WE GOT SOME MEDICINE FROM FARM TODAY AND WILL BRING IT IF DESIRED. 3.UNDERSTAND SANDANISTAS SHOT DOWN ONE OF THEIR OWN A/C YESTERDAY..C-47. IT HAPPENED UP IN AREA WHERE OUR C-7S HAVE BEEN WORKING. 4.SORRY FOR NO GOODS TONIGHT BUT WOULD HAVE BEEN COMPLETE WASTE TO THROW IT OUT WITH ABSOLUTELY NO CONTACT. PLS ADVISE HOW YOU WANT TO GO FROM HERE. BOB BT.

Report to North + request his help

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00412

4 MAY 87
Robert C. Dutton

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090330ZSEP86 1.ARRIVED AT COORDINATES EARLY 1717L WITH ALL MAGIC ON A/C WORKING. BEGAN EXPANDING CIRCULAR SEARCH PATTERN IN AREA FOR APPROX 35 MIN. NO SIGHTINGS OR RADIO CONTACT. SEARCHED FROM A/C WITH BINOCULARS BUT NOTHING. ATTEMPTED TO GO TO ALTERNATE DZ. [redacted] .BUT SEVERE WX. PREVENTED US. RETURNED TO PRIMARY DZ AND CONTINUED TO SEARCH UNTIL 1800L WX WAS GETTING WORSE BY THE MINUTE AND ABSOLUTELY NO INDICATION OF ANYBODY ON THE GROUND. THEREFORE RET. [redacted] WITH LOAD. 2.WE HAVE BOTH A/C READY AND ARE WILLING TO BRING BOTH OF THEM DOWN TOMORROW IF WX PERMITS AND WE CAN GET A BETTER IDEA OF WHERE TROOPS ARE. NEED TO KNOW IF THEY HEARD US. IF THEY DID NOT. THEY ARE SOMEWHERE OTHER THAN 11.21N/84.18W.WHAT WAS WX IN TROOPS AREA AT 1715L? WILL WORK WITH [redacted] TO GET WX REPORTS. ANY HELP FROM YOU WOULD BE APPRECIATED BOTH FOR WX AND FOR LOCATING TROOPS. WE GOT SOME MEDICINE FROM FARM TODAY AND WILL BRING IT IF DESIRED. 3.UNDERSTAND SANDANISTAS SHOT DOWN ONE OF THEIR OWN A/C YESTERDAY..C-47. IT HAPPENED UP IN AREA WHERE OUR C-7S HAVE BEEN WORKING. 4.SORRY FOR NO GOODS TONIGHT BUT WOULD HAVE BEEN COMPLETE WASTE TO THROW IT OUT WITH ABSOLUTELY NO CONTACT. PLS ADVISE HOW YOU WANT TO GO FROM HERE. BOB BT.

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under provisions of E.O. [illegible]
by K. Johnson, National Security Council

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4 MAY 87
[illegible]

UNCLASSIFIED

21 Aug 86

~~[illegible]~~

Sept
Send to Coop

[illegible] 1. ANY WORD FROM RALPH? 2. I
NEED INVENTORY OF ITEMS DROPPED ON 20-4
[illegible]. I KNOW WHAT HE NEEDED BUT NOT WHAT
WE HAVE DELIVERED. 3. HAVE NOT RECEIVED
INCENTIVE PAY STATEMENT FROM DAN YET.
SHOULD HAVE HAD IT TODAY. YOU MAY WANT
TO CALL HIM AND BE SURE I GET IT ASAP.
ALSO THE COPIES OF THE MISSION REPORTS.
4. HAVE JOHN SEND ME A CY OF THE LAST
TRIP REPORT ON THE MACHINE. OUR ..TOP
..BOSSES ARE GETTING BRIEFINGS USING OUR
MATERIALS. I HOPE TO HAVE THE
OPPORTUNITY TO GIVE SOME OF THE
BRIEFINGS MYSELF SOON. I,VE DONE A LOT
OF BRAGGING ON WHAT YOU GUYS HAVE
ACCOMPLISHED. SO KEEP GIVING ME THINGS
TO BRAG ABOUT BUT FLY SAFE. BOB BT.

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UNCLASSIFIED

8/20/86
20 Aug 86

to Goode

201430ZAUG86 FRM MAC..REF YOUR DISCUSSION WI DICK LAST NITE. IN MY TALK WITH STEELE LAST WEEK. I REQUESTED THAT HE MAKE THE SITUATION CLEAR TO [redacted] AS TO THE OWNERSHIP OF THE AIR ASSETS AND ASSOCIATED EQUIP. HE WAS TO INFORM HIM THAT WHILE THE ASSETS WERE MADE AVAILABLE TO THE CAUSE. THEY BELONGED TO A PANAMA BASED COMPANY AND THAT UPON COMPLETION OF THEIR SUPPORT WORK HERE THEY WERE TO BE RETURNED TO THAT COMPANY FOR FUTURE DISPOSITION. STEELE FELT THAT HE WOULD HAVE TROUBLE GETTING [redacted] TO ACCEPT THIS UNTIL HE COULD SEE WHAT TYPE OF SUPPORT WAS COMING IN TO REPLACE US. THIS MATCHES WHAT DICK SAID TO YOU ABOUT GETTING A FIRM PLAN FROM THE CIA AS TO THEIR PROGRAM FOR AIR SUPPORT. THIS WE MUST GET ASAP AND PASS TO STEELE TO PAVE THE WAY FOR OUR DEPARTURE. IF WE DONT GET IT. OUR WITHDRAWL COULD BE A MESSY AFFAIR. SUGGEST YOU TALK TO STEELE AND CONFIRM THAT WE ARE GOING AFTER THE CIA PLAN AND WILL ADVISE HIM ASAP. BOB BT.

R D 466c

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under provisions of E.O. 12356
by S. Reger, National Security Council

UNCLASSIFIED

IMMEDIATE [illegible] UNCLASSIFIED

NO Date

SECRET.

SAT 13SEP1330 [illegible] PLAN OF DAY: WILL
SEND 1/C-123 [illegible] LB. WILL [illegible]
LOAD 10K LB MUNITI[illegible] C-123 AND
DELIVER TO[redacted] TODAY FOR THEM TO
RIG. TOMORROW 1[illegible] WILL GO SOUTH WI
LOAD PRESENTLY IN WAREHOUSE WHILE OTHER
C-123 TAKES 10K LB TO[redacted] TUES WILL
PUT 2/9K LB ON 2/C-123. TAKE [redacted] AND
OFFLOAD. WILL THEN LOAD BOTH A/C WITH
BUILT-UP LOADS AND FLY 2-SHIP TO
NORTHERN TROOPS AND RET TO[redacted] CAN
COMPLETE MSN WI 2/HR RESERVE. WILL START
WORKING ON SUPPORT FOR OTHER SOUTHERN
FORCES. RALPH CAN HELP GET PARACHUTE
SUPPORT FROM[redacted] UNFORTUNATELY LOOKS
LIKE WE NEED 600 CHUTES TO CLEAR
WAREHOUSE. EVERYTHING WE CAN DELIVER TO
[redacted] THEM TO RIG SAVES US. 2.T.S.
PLS SEND FAWN..END OF PLAN. FOR BLUEBIRD
SAT EVE REPORT-FLEW ALL 5 A/C TODAY.
COOPER AND I DELIVERED 10K OF GRENADES
[redacted] FOR RIGGING. WILL TAKE 10K OF
MORTARS TOMORROW. MET [redacted] TODAY.
HE ESPECIALLY HAPPY WI US NOW SINCE HE
BELLIED FDN DC-3 IN FRI. 60 MI W.[redacted]
[redacted] HE,S OK. OTHER C-123 DELIVERED 10K
WX D.S. BUT GOT LUCKY.
HAVE PHOTO PROOF OF LOAD IN CENTER OF
DZ. C-7 DELIVERED 15K[redacted]
FORWARD BASE TODAY. WILL CONFIRM WI
RALPH WHO GETS LOAD TOMORROW. SUN EVE.
REPORT. FLEW 2/C-123 TODAY, OTHER A/C OK
BUT NO WORK. COOP AND I PUT ANOTHER 10K
[redacted] 17K RIGGED AND READY FOR US TO
TAKE OUT OF THERE TO NORTH. NO.2 C-123
DROPPED 10K ON DZ NO.2.[redacted]
POSITIVE ID OF DZ. PHOTO PROOF. HAVE NOW
DELIVERED 55K IN 2 DAYS. TAKING TOMORROW
OFF. [redacted] RALPH COMING TOMORROW WI FUEL
MONEY. APPROX 20K NEEDED. WILL ADVISE
PLAN FOR WEEK TUES. I RTB APPROX THURS.
PS C-123 NOW ARMED WI HK-21/7.62 MACINE
GUN ON AFT RAMP, BRING ON MI-24. PPS.
SEND FAWN-CAN.T CONTINUE ON MILK AND
COOKIES.RGDS BOB.

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00420

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To Earl 12 Aug

UNCLASSIFIED

12 Aug 86

Q 10

[illegible]302AUG86 FRM MC ALLISTER..DISCUSSION WITH OLMSTEAD INDICATES NO PROBLEM WITH MONEY AS HE WIRED REQUIRED AMOUNT SOME TIME AGO. ONLY REAL PROBLEM FROM HIS POINT OF VIEW IS POSSIBILITY OF SQUATTERS. FYI..WE HAVE AGREED TO PUT FULL TIME MAN IN RANCH HOUSE TO INSURE NO SQUATTERS..WHILE WE AGREE WE THAT SQUATTERS COULD BE A PROBLEM WE ONLY CONSIDER THIS PART OF LARGER..REAL..PROBLEM. OUR CONCERN IS WHAT [redacted] AND AMBASSADOR ARE GOING TO DO REF THE PROPERTY ITSELF SINCE AFTER MUCH EXPENCE AND EFFORT WE NOW HAVE NO ACCESS AND THEY DONT SEEM TO BE ABLE TO HELP. SUGGEST YOU POSE QUESTION ALONG THESE LINES BACK TO [redacted] SAYING THAT WE ARE ALSO CONCERNED ABOUT SQUATTERS BUT MORE CONCERNED AS TO WHAT THEY ARE GOING TO DO ABOUT THE MORE IMPORTANT PROBLEM. MOREOVER. AMB AND [redacted] NEED TO THINK ABOUT WHAT HAPPENS AFTER CIA GOES BACK INTO FIELD. DO WE GIVE THE PROPERTY BACK OR WILL CIA WANT TO USE IT? BOB

BT.

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by K. Johnson, National Security Council

UNCLASSIFIED

8/86
Aug 86

UNCLASSIFIED

to Earl 12 Aug

[illegible]30ZAUG86 FRM MC ALLISTER..DISCUSSION TH OLMSTEAD INDICATES NO PROBLEM WITH [illegible]NEY AS HE WIRED REQUIRED AMOUNT SOME TIME AGO. ONLY REAL PROBLEM FROM HIS POINT OF VIEW IS POSSIBILITY OF SQUATTERS. FYI..WE HAVE AGREED TO PUT FULL TIME MAN IN RANCH HOUSE TO INSURE NO SQUATTERS..WHILE WE AGREE WE THAT SQUATTERS COULD BE A PROBLEM WE ONLY CONSIDER THIS PART OF LARGER..REAL..PROBLEM. OUR CONCERN IS WHAT [redacted] AND AMBASSADOR ARE GOING TO DO REF THE PROPERTY ITSELF SINCE AFTER MUCH EXPENCE AND EFFORT WE NOW HAVE NO ACCESS AND THEY DONT SEEM TO BE ABLE TO HELP. SUGGEST YOU POSE QUESTION ALONG THESE LINES BACK TO [redacted] SAYING THAT WE ARE ALSO CONCERNED ABOUT SQUATTERS BUT MORE CONCERNED AS TO WHAT THEY ARE GOING TO DO ABOUT THE MORE IMPORTANT PROBLEM. MOREOVER. AMB AND [redacted] NEED TO THINK ABOUT WHAT HAPPENS AFTER CIA GOES BACK INTO FIELD. DO WE GIVE THE PROPERTY BACK OR WILL CIA WANT TO USE IT? BOB
BT.

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under provisions of E.O. 12356
by B. Reger, National Security Council

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Dotson/drg

~~TOP SECRET~~ cy 1 of 3

ORIGINAL

DEPOSITION OF ROBERT EARL

Partially Declassified/Released on 20 May 19
under provisions of E.O. 12356
by B. Reger, National Security Council

Saturday, May 2, 1987

House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

#1023

The committee met, pursuant to call, at 3:30 p.m., in Room 901, Hart Senate Office Building, W. Neil Eggleston (Deputy Chief Counsel of the House Select Committee) presiding.

Present: W. Neil Eggleston, Deputy Chief Counsel; Mark Belnick, Executive Assistant to the Chief Counsel; Terry Smiljanich, Associate Counsel; Richard A. Arenberg, Administrative Assistant to U.S. Senator George J. Mitchell; Victoria F. Nourse, Senate Select Committee; Richard Cullen, Administrative Assistant to Senator Paul Trible; and Dennis Dean Kirk, Esquire, Counsel for Robert Earl.

00547

TOP SECRET

Whereupon,

ROBERT EARL,

was called as a witness by counsel for the Select Committee, and after having been duly sworn, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE SELECT COMMITTEE

BY MR. BELNICK:

Q Would you state your name for the record?

A Robert Lawson Earl.

Q You are a member of the military?

A Correct.

Q The rank of?

A Lieutenant Colonel.

Q Lieutenant Colonel, let me read to you an order that was entered by the United States District Court for the District of Columbia in a proceeding entitled "Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, the United States Senate, Washington, D.C."

The index number is Miscellaneous Number 87-0099, and this is the text of the order.

"Upon consideration of the application by the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, upon determining that the procedural requirements of 18 U.S.C., Section 6005(b) have

~~TOP SECRET~~

been satisfied, and upon consideration of the application of Independent Counsel Lawrence E. Walsh, under 18 U.S.C., Section 6005(c), to defer this order for twenty days from the date of the Select Committee's request for the order, it is, this 30th day of March, 1987,

"ORDERED That Robert Earl may not refuse to testify, and provide other information, at proceedings of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, on the basis of his privilege against self-incrimination, and it is

"FURTHER ORDERED That no testimony or other information compelled under this Order (or any information directly or indirectly derived from such testimony or other information) may be used against Robert Earl in any criminal case, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with this Order, and it is

FURTHER ORDERED That this Order shall become effective on April 19, 1987."

MR. EGGLESTON: My name is Neil Eggleston, Deputy Chief Counsel of the House Select Committee. The House Committee similarly has obtained an order compelling your testimony immunizing you from the use of the testimony, and I will identify the document simply for the record and have it put into the record.

~~TOP SECRET~~

It was also signed by a United States District Judge in the District of Columbia. The caption reads, "House Select Committee to Investigate Covert Arms Transactions with Iran," Miscellaneous Number 87-0105. It is dated March 30, 1987 and provides on April 18, 1987 -- signed by Judge Robinson. Obviously, it is after April 19. I would ask this as well be made part of the record.

"On consideration of the application by the House Select Committee to Investigate Covert Arms Transactions with Iran and the memorandum of points and authorities, and exhibits, in support thereof, the Court finds that the procedural requisites set forth in 18 U.S.C. Section 6005 for an order of the Court have been satisfied. Accordingly, it is

"ORDERED that Robert Earle may not refuse to provide any evidence in proceedings before the House Select Committee to Investigate Covert Arms Transactions with Iran on the basis of his privilege against self-incrimination, and it is

"FURTHER ORDERED that no evidence obtained under this Order (or any information directly or indirectly derived from such evidence) may be used against Robert Earle in any criminal case, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with this Order.

"FURTHER ORDERED That this Order shall become effective on April 19, 1987."

Let me just simply say, I think I have previously provided your counsel with a copy of the rules establishing the committee. I have got them here with me. If you would like to look at those, you are entitled to them as well.

MR. BELNICK: For the record, this appearance here, also pursuant to compulsion of defendant, is pursuant to subpoena. I would mark for the record the subpoena and notice of deposition, dated March 16, 1987, which the Senate Committee served on Colonel Earl.

(The documents referred to were marked as Earl Exhibit No. 1 for identification.)

UNITED STATES OF AMERICA

Congress of the United States

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Notice of
Senate Deposition

To Robert Earl

Greeting:

Please *take notice that at* 9:30 *o'clock* a.*m., on* March 24 *19*87 *at* Hart Senate Office Building, 9th floor *of the staff of the Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition of the Senate of the United States, will take your deposition on oral examination concerning what you may know relative to the subject matters under consideration by said Select Committee. The deposition will be taken before a notary public, or before some other officer authorized by local law to administer oaths; it will be taken pursuant to the Select Committee's rules, a copy of which are attached.*

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Given *under my hand, by authority vested in me by the Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition on* March 16 *1987*

UNITED STATES OF AMERICA

Congress of the United States

To Robert Earl

, **Greeting:**

Pursuant *to lawful authority, YOU ARE HEREBY COMMANDED to appear before the* SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION *of the Senate of the United States, on* March 24, 1987, *at* 9:30 *o'clock* a. *m., at their committee room* Hart Senate Office Building, 9th Floor, *then and there to testify what you may know relative to the subject matters under consideration by said committee.*

Pursuant to Committee Rule 6, this Subpoena directs appearance at the deposition whose notice accompanies it. You must bring with you the materials listed in Attachment A.

Hereof fail not, *as you will answer your default under the pains and penalties in such cases made and provided.*

To any Select Committee staff member or U. S. Marshal *to serve and return.*

Given *under my hand, by order of the committee, this* 16 *day of* March, *in the year of our Lord one thousand nine hundred and* eighty-seven

Vice Chairman
Warren Rudman

ATTACHMENT A

ROBERT EARL

The respondent, Robert Earl, shall produce:

1. All documents referring, relating to or discussing Robert Earl's position on the staff of the National Security Council ("NSC"), or any activities by Mr. Earl as an NSC staff member, or the activities of Lieutenant Colonel Oliver North, or the activities of any other NSC staff member or principal.

2. All documents discussing or relating to:

a. Arms transactions directly or through third-parties with Iran, Israel, Manucher Ghorbanifar, Adnan Khashoggi, Yaacov Nimrodi, Amiram Nir, or Al Schwimmer, or Lake Resources, Inc., or any companies owned by, controlled by, or affiliated with, the previously named persons and companies; or arms trans-transactions directly or indirectly or through third-parties with the Contras or any forces opposed to the Government of Nicaragua.

b. American hostages; or

c. The Contras or any forces opposed to the Government of Nicaragua, including assistance or efforts to assist such forces.

3. All documents relating to any of the persons or entities listed on Appendix 1.

4. For Saudi Arabia, Switzerland, the Cayman Islands, Panama, Bermuda, El Salvador, Costa Rica, Nicaragua, Honduras, Guatemala, Israel, and Portugal:

a. All correspondence, telexes, or other materials relating to communications to or from individuals or entities in these countries;

b. All statements, checks, deposit slips, and other materials for bank accounts in these countries,

whether such correspondence, telexes, other communications, and accounts are those of the responedent or otherwise.

5. All of Robert Earl's appointment books, diaries or calendars.

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* * *

A. The documents called for by the foregoing requests are for the period January 1, 1981 to date.

B. The term "document" is used in the foregoing requests in its broadest possible sense and means all things or media of any kind on which or from which information can be transcribed or recorded including, but not limited to, writings of any kind, computer printouts, cables, telexes, memoranda, letters, tape recordings, calendar entries, diary entries, bank statements, notes, other financial records, etc.

For any questions regarding this subpoena, contact Arthur L. Liman, Chief Counsel, at 224-9183 or Mark A. Belnick, Executive Assistant to the Chief Counsel, at 224-9974.

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MR. BELNICK: In connection with the document request attached to the subpoena, do I understand all documents responsive to our subpoena have been turned over by you to the Independent Counsel?

MR. KIRK: Every single one.

MR. BELNICK: Everything you had that was relevant was given to Independent Counsel, is that correct?

THE WITNESS: And more.

MR. BELNICK: Approximately when did you turn it over to the IC? Three weeks ago?

THE WITNESS: Two weeks, two to three.

MR. BELNICK: Two to three weeks ago?

MR. KIRK: Yes.

MR. EGGLESTON: You are appearing here today pursuant to a subpoena served upon you, I think, through your counsel some time ago. I don't have the subpoena here with me today, but, again, this deposition is being conducted to that subpoena.

It also called for production of documents. I assume that your response to Mr. Belnick is the same as it would be to us, and that is the documents that you have have been provided to Independent Counsel, is that correct?

THE WITNESS: Yes.

MR. BELNICK: As I have told you on behalf of both Neil and myself, our understanding is that the documents you

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provided to the Independent Counsel are going to make their way to us in some shape or form through the White House and the NSC. We have not yet had a chance to review all of what the White House has because of national security concerns. I have seen some copies this morning, but not all.

My House colleagues haven't had a chance to see any yet. So we will work that out with the White House. That is not your problem. Once we have had a chance to work out the ground rules in subsequent sessions, I am sure we will have some questions for you about those notebooks.

BY MR. BELNICK:

Q For the record, Colonel, what is your address?

A [redacted]

Q Where are you currently employed?

A Headquarters Marine Corps.

Q Where is that?

A It is in Northern Virginia.

Q Briefly, where were you employed?

A At the NSC, National Security Council.

mag fls

Q When did you start work on the NSC staff?

A Approximately mid-February is probably the best way to characterize that. There has been, there were differing dates on the orders that were cut at Headquarters Marine Corps. Rather than nail it down to the 20 or 15, I think mid-February is the best way to characterize it.

Q 1986?

A 1986, correct.

Q When did you leave the NSC staff?

A 1 January 1987.

Q Did you resign?

A No.

Q What were the circumstances?

A I was re-assigned.

Q By the Marines?

A By the Marines.

Q Could you tell us what your -- I understand you went to Annapolis.

A Yes.

Q Graduated?

A 1967.

Q Was then a Rhodes scholar?

A Yes.

Q How many years did you spend at Oxford?

A Three.

Q When you finished at Oxford, tell us what you did -- summarize, if you could, from then until the time you joined the NSC staff.

What year did you leave Oxford?

A 1971.

A variety of Marine Corps tours subsequent to that, a combination of command and staff operations and non-operational assignments.

You want me to go through all of those?

Q No.

A All right.

I was assigned to the advanced amphibious studies group in Quantico, Virginia, in the summer of 1985 and had been there for a week as a new assignment, having just come from the Naval War College for a year.

Then I was assigned temporary additional duty -- TAD is what we call it. That is not a permanent change station but a temporary assignment to the President's Task Force on Combatting Terrorism, and served there for approximately seven months until mid-February 1986, when I was re-assigned permanent change of station to work on the NSC staff.

Q Did Greg Corey work on the staff task force, as well?

A Yes, he did.

Q Did you seek assignment on the NSC when that para-terrorism task force job was over?

A Let me explain that.

Q Sure.

A It is a little more difficult than a yes or no on that.

Each of the political services assigned one member to the working group of the Vice President's task force as well as other members. The CIA had a member; the State Department had a member.

One of the recommendations of the Vice President's task force was to strengthen intercombat terrorism at the NSC. Previously there had been one person assigned to follow that, and that one person following it, amongst other duties, and therefore not full-time, not one dedicated person, so the recommendation was to create a staff, a small staff so a full-time staff could be devoted to improve interagency coordination on terrorism.

The strategy, if you will, to implement that recommendation that was, I understand, approved by Admiral Poindexter in consultation with Admiral Holloway, who was executive director of the task force, was to tap this pool of expertise that had suddenly been created on terrorism, half a dozen officers who had studied it for seven months, and seemed to waste, to send those people back to the service to do non-terrorism things, that it made sense to get up on step with this talent.

So, the officers were informally polled as to who wanted to go back to his parent agency or who was available to go to another assignment on terrorism within the Washington bureaucracy, which included the State Department, as well as the NSC.

Some of the officers chose to go back to their parent services; some were working on terrorism already in that billet. And some of us chose to say, "I am available to move on."

I was one of those who said, "I am available to continue to implement the policies of combatting terrorism."

As I understand it, Craig Coy, Lieutenant Coy and I, were the two that were selected to go to the NSC, Lieutenant Bailey went to the State Department, and I think that everybody else went back to a parent agency or organization.

Q Had Ollie North worked on the task force?

A Well, he wasn't a member of the working group that I am talking about amongst the half a dozen officers, but he was part of -- he was the Senate person I referred to as being the one person assigned, and so he was a member of one of the interagency review groups of the task force, there being a senior review group and an intermediate level review group.

At that level he participated in the deliberations of the task force, yes.

Q When did you first meet North?

A Lieutenant Colonel North and I are classmates from the Naval Academy. He had started out in the same class as I, the class of 1967. But in -- I guess, I am not sure which leave period it was -- I think spring leave, but I am not positive of that. One of the leave periods he was involved in a very serious automobile accident with a number of other classmates and spent a considerable time in the hospital and wound up having to be what we call "recycled" in the class of 1968.

I don't recall him from the Naval Academy, but my first recollection was when we were assigned together as students at amphibious warfare school in Quantico, Virginia, as captains -- and I am not recalling the year right now -- we were there five months for a course -- but it was in the early 1970s, say a couple years, 1973, 1974, something like that, although I will also say when I first saw him the first time, something about him seemed familiar, and just couldn't place it and have not to this day.

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I may have seen him at the Naval Academy, but I don't specifically recall. From that time on, we had several overlap assignments on occasion in Marine Corps, transfers; for example, after AWS I went to Okinawa, Colonel North stayed in Quantico and went to a further school, but then went to Okinawa, so part of our year on tour in Okinawa overlapped. He was up in the Northern part of the island as the officer in charge of a, what we call the Northern Training Area, a very good training area, that was units on island, and went to conduct training.

I was responsible for some reconnaissance units that we would periodically go up to conduct training. So I had professional conduct with him there as well, and that sort of thing, which included personal friendship, as well, that developed from then on.

Q Do you work together with him now at Marine Headquarters?

A No. He is assigned to a different staff section than I, he is in PP&O, Plans and Operations, and I am in RD&S, Research, Development and Studies.

Q When you got your assignment to the NSC staff, what was it?

A Well, as I previously mentioned, both Lieutenant Commander Coy and I were assigned subsequent to his recommendation, I think recommendation number three for the Vice

President's Task Force To Combat Terrorism, report to strengthen international agency coordination. So we knew that we were going to the NSC staff to augment the counter-terrorism office, although when we were assigned, we were told that because of personnel constraints in numbers, there were no openings on the NSC staff per so, so we were assigned to what is called the Crisis Management Center, CMC, which is an adjunct to the NSC, but different in various ways, such as trips, TAD trips, or things like that.

The NSC staff had its own administrative section, travel, so forth, that you could get your orders to go on a trip right from there, whereas the CMC operated through the military, and I think it is a separate budget that funds the Crisis Management Center through DOD. So we would have to go to, I think, Bolling Air Force Base to get orders or submit your travel reports.

Q Where was your office at DOD?

A At first we had no office -- Lieutenant Commander Coy was able to arrange from a previous contact on the domestic side who he had worked for as a White House fellow some temporary offices which we used for about a month until the arrangements ultimately occurred. A suite, 302, was eventually provided to us in early May, as I recall, is when we finally moved in there. It was right after the Tehran visit by Bud McFarlane.

Q We will get to that. The temporary offices were just you and Lieutenant Commander Coy?

A We were upstairs in the fourth deck of the Old Executive Office Building, and Colonel North was in the suite, Suite 392.

Q Then all three of you moved into 302 around sometime in May?

A In May.

Q As I understand it, 302, Suite 302 was a two-level office.

A Right.

Q Lieutenant Colonel North was downstairs, outside his office were secretaries Fawn Hall and Barbara Brown.

A Although Barbara Brown came quite late. It took a while --

Q She worked for you?

A And they finally realized three guys and one secretary was too much for one secretary and finally hired another secretary.

Q But finally it was Barbara Brown, Fawn Hall on the first level.

A Correct.

Q Upstairs were you and Coy?

A Yes.

Q Anybody else upstairs?

A There were three offices upstairs. The middle office was available most of that time. When we first considered moving into the suite, or knew we were moving into the suite when they were constructing it, there was, as I recall, an Air Force officer in the White House situation room who was going to move on to the staff as well. But then he, before all this happened, received orders from the Air Force and was reassigned from the White House. When we moved into 302, that office was vacant. Ultimately, a Marine, I think he was a captain, I am not sure, I never saw him in uniform, I think he was a captain, lawyer, Jock Scharten moved in, who worked for NSC Counsel, Paul Thompson.

Q There were safes in Suite 302, as I understand. Were there any -- am I right, there were safes?

A Yes.

Q Were there any safes upstairs?

A The floor loading would not support safes. There were no safes.

Q They would have been downstairs, in any event?

A That is right.

Q The two safes were downstairs?

A There were more than two.

Q How many were there?

A Well, there were two in the little coat room, I guess we would call it, and then I think about four outside of that along the wall in front of Barbara Brown's desk. So it may only be three, three or four.

Q Three or four along the wall in front of Brown's desk?

A Yes. So a total of five or six, approximately. I could be off by one or two.

Q Did you have access to all of those five or six safes?

A I had the combination to all those safes, yes.

Q Did you have occasion during your work in Suite 302 to go into every one of the safes in the office?

A I don't think I ever had to open Lieutenant Colonel North's safe, the one in the, what I have called the cloak room.

Q Is that near the electrical --

A If you are looking into the cloak room, there are two safes and a shredder. It was the one in the middle, the one beside the shredder, a four-door safe.

Q Did you have the combination to that safe?

A Yes, I did.

Q Did you ever open it?

A I don't think I ever opened it.

Q Did you see it opened?

A I recall seeing it opened in 392 when it was back in Colonel North's old office. I am not specifically recalling seeing it open while we were in 302. But it must have been.

Q Only what you can recall seeing. You don't recall seeing it open in 302?

A Not that I am recalling right now.

Q When you saw it opened in 392, did you see what it contained?

A It was right behind Colonel North's desk in that room. It was open when he was there. On occasion, he would pull something out of there. For example, I knew there was in there a file on a particuar terrorist who, I don't think I really want to --

Q You don't need to mention the name.

A Right now.

Q Okay.

A So little -- that would be an example. I would have occasion to know of something like that, but not the whole contents, no.

Q Do you know what the safe, the same safe contained at any point while it was in 302?

A I do not know what it contained, but I think it was just moved from 392 down to 302.

Q You don't know what Colonel North stored in that safe while it was in 302?

A I don't know. I assume it was the same thing that he had stored in --

Q Don't assume.

A Don't speculate, all right.

Q Did Colonel North ever tell you what he had in that safe?

A No, he never told me what he had in that safe, although we are getting to something that's possibly relevant, which is at the time, I think it is in May or April, it was in the spring, I think prior to his trip to Tehran with Mr. McFarlane and others, but it may not have been on that occasion, it may have been prior to one of the other trips that he made. But there was, he told me if he didn't come back from one of those trips, that I was to destroy the contents of the bottom drawer of that safe.

Q He didn't tell you, though, what those contents were?

A No, he did not.

Q And you didn't look?

A And I did not look.

Q I have here what I believe is a rendition of Suite 302, the first floor and second floor, which I will have the reporter mark for the record as Earl Deposition Exhibit 2.

(The document referred to was marked as Earl Exhibit No. 2 for identification.)

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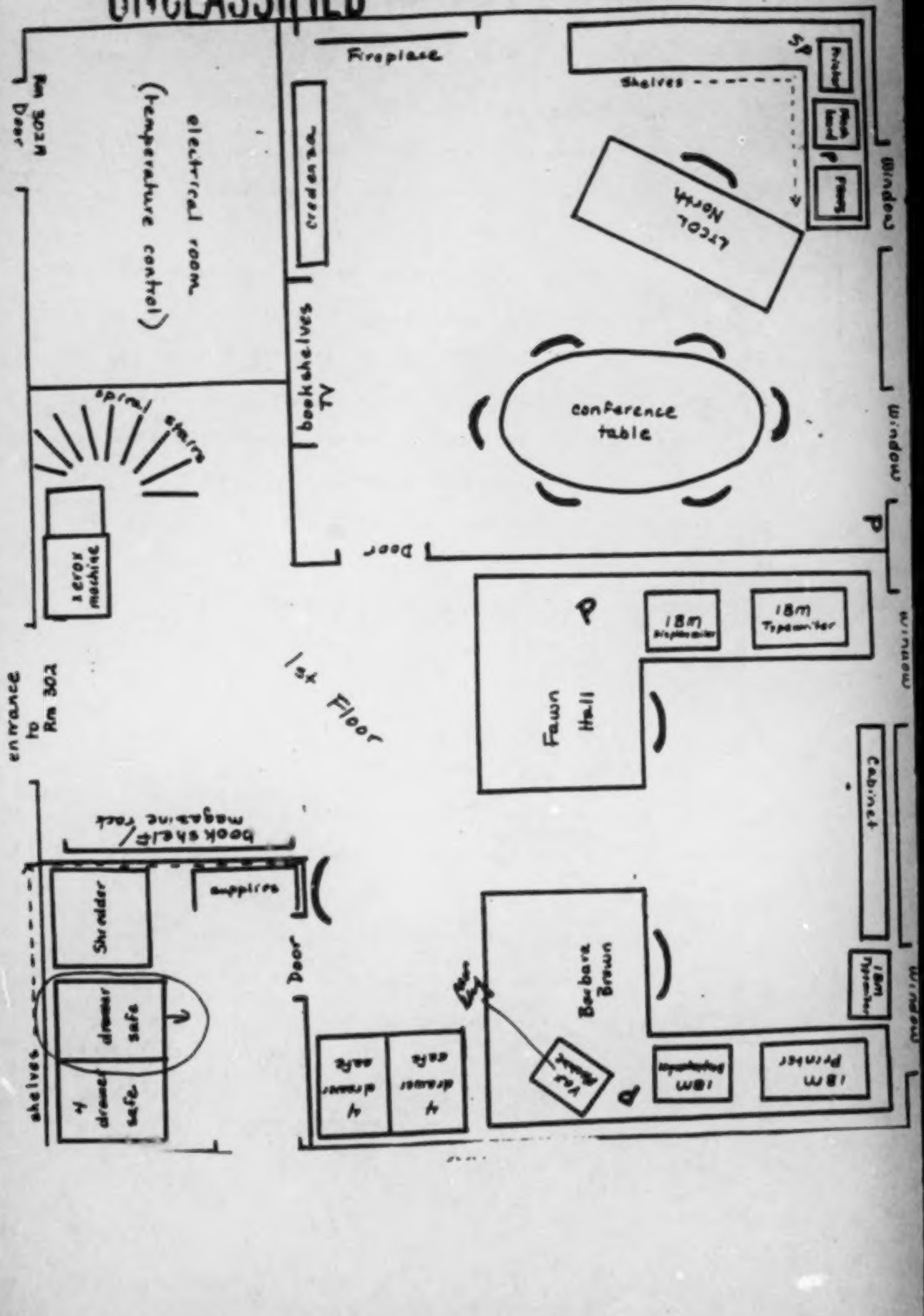
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Shelves
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IBM Displaywriter
IBM Typewriter
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Fawn Hall
Cabinet
Window
IBM Typewriter
IBM Printer
IBM Displaywriter
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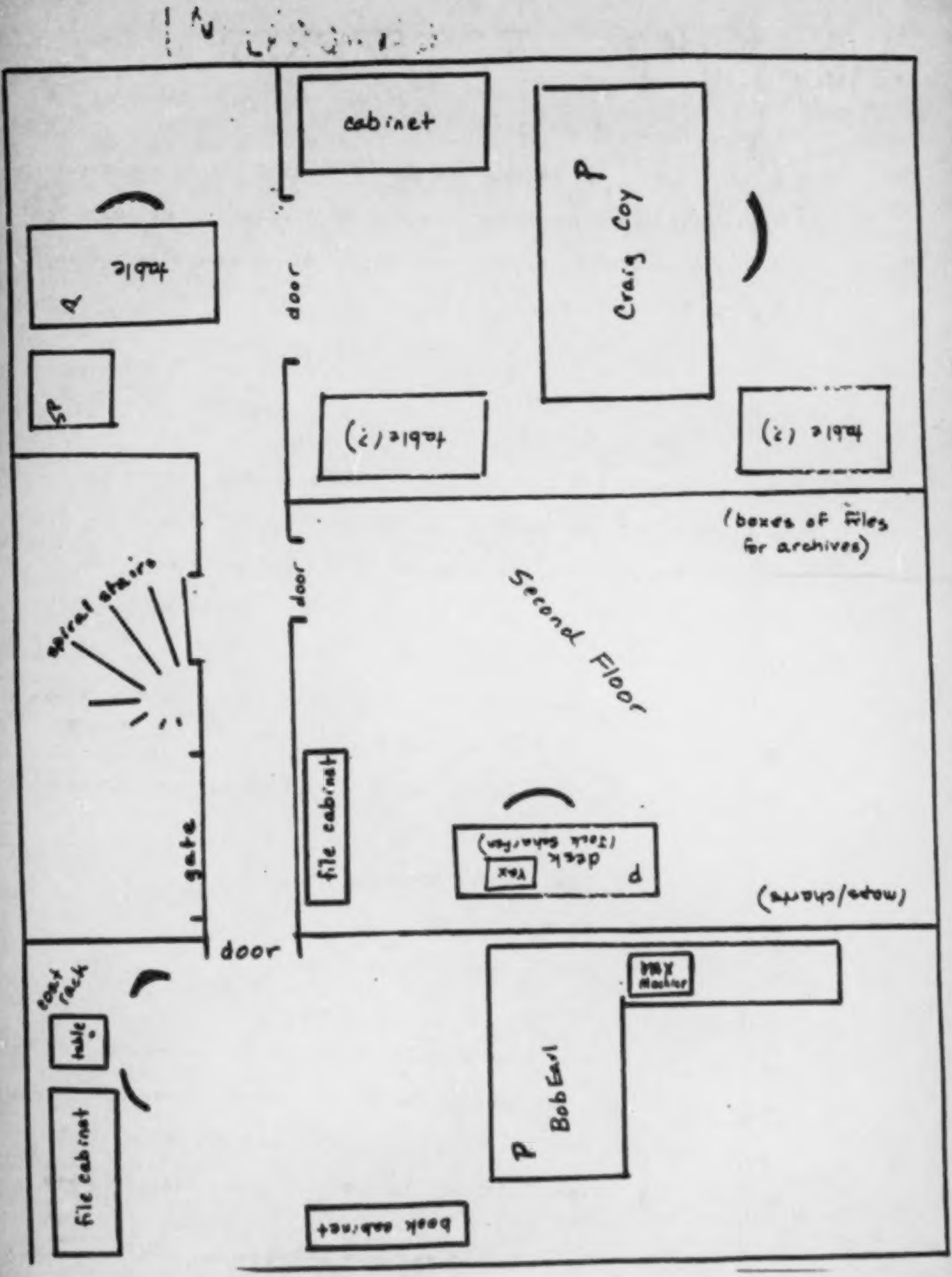
Barbara Brown
Door
4 drawer safe
4 drawer safe
Door
supplies
book shelf/ magazine rack
Shredder
drawer safe
4 drawer safe
shelves
entrance to Rm 302
Rm 302A Door
electrical room (temperature control)
credenza
bookshelves TV
spiral stairs
xerox machine
1st Floor
Door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cabinet
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Craig Coy
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(boxes of files for archives)
spiral stairs
door
Second Floor
file cabinet
gate
desk
(Iola Schaefer)
fax
P
(maps/charts)
door
FAX Machine
coat rack
table
BobEarl
P
file cabinet
book cabinet

BY MR. BELNICK:

Q Let me show you Earl Exhibit 2, it is not drawn to scale, just approximations. Without asking you to vouch for the beauty of it, does this appear to be generally the layout of the first floor?

A It has two safes. That may be true.

Q Roughly anyway?

A Oh, yes.

Q All I want to know, the safe that was Colonel North's safe, the one you say he told you to enter the bottom drawer if something happened to him and get rid of the contents, which one is it? Is it one of these? Can you make a mark?

A I would say this one. What throws me off is you have to -- oh, this is five-drawer.

Q Would you make a circle around the one you think it was?

(The witness complied.)

BY MR. BELNICK:

Q That is next to the shredder?

A Correct.

Q Now, we are going to get to May very fast, but let me ask you: Was Colonel North your immediate superior at the NSC staff from the time you started working there?

A Yes. Although technically I was senior to him because of my graduation date, as compared to his, but that didn't mean anything in terms of assignment at the NSC. There was no question in my mind that he had been there four years and was the boss. He was my superior for the office, that is correct.

Q And Commander Coy's as well?

A Yes.

Q You and Commander Coy were on the same level?

A Yes.

Q Let me just show, if I may, while we have -- the second page of Exhibit 2, which appears to be the sketch of the second floor of 302, including desk and office. Is that an accurate rendition of the second floor of 302 as you remember it?

A Yes.

Q All right. Now, you were the Political Military Affairs Section of the NSC, is that what it was called? You smiled. What did I do wrong now?

A It's more complicated than that.

Q All right. I am sorry.

A If you look at the phone book or you called Public Affairs at NSC and asked what Colonel North's description was, he would be described as Deputy Director for Political-Military Affairs. He is shown that way in the wiring diagram. But that wasn't where he really worked. He really worked for Admiral Poindexter direct, with no intervening office, director or other layer within the NSC. And that was for deliberate reason of cover and protection of those who were working the counter-terrorism problem, and the same reasoning that we on the task force chose not to put a little sign out in front of your office that said "Vice President's Task Force on Combatting Terrorism." We felt we might as well put a bullseye if we did something like that. We didn't want to raise our profile as being involved with that subject and increase risk to the office or the staff or anything like that.

Craig Coy and I were assigned in the Crisis Management Center, and we asked for similar treatment of -- similarly not to show us as working on terrorism but for various administrative reasons that didn't happen, and if you will look at the NSC phone book at that time, you will see Craig Coy and I are listed as Deputy Directors or officers in combat terrorism.

Q You answered the next three questions. In fact, you, Mr. Coy and Mr. North were in one unit reporting directly and specially to the National Security Adviser?

A Correct.

Q Any other members of that unit?

A Well, Fawn Hall, who was Colonel North's secretary, and was listed as working for him. Barbara Brown was listed as working for Craig Coy and me.

Q Apart from that group?

A No, that was the Office to Combat Terrorism.

Q When did you first get briefed into, and I will call the Iran compartment, and I mean, of course, the Iran program that you know as a subject of this investigation.

A It was prior to Mr. McFarlane's trip to Tehran. And I am not sure of the date. April or May. Sometime before the trip. Colonel North, since he knew he was going to Tehran with Mr. McFarlane and others and would be gone for a period of time, needed some backup for working the problem back at the NSC, that he would be gone. So there was now a need to brief someone else into that compartment, and so he briefed me into it and asked that I take care of certain things on it, such as the communications.

We had secure communications with the McFarlane party, and be able to set those up and brief Admiral Poindexter so he could brief the President on the status of negotiations as they occurred, and I helped with various things on the project, development of the operation and order to cover it, contingency, press guidance, various things to help.

Q Where did North give you the briefing? In his office? Were you alone is what I am asking. Were the two of you together?

A I am not sure it was one discrete formal briefing.

I think it was probably more likely bits and pieces over a period of time.

Q But just you and he?

A Just the two of us, yes.

Q Taking all those occasions together, can you tell us as much as you can recall of what North told you about the program?

A This was a sensitive program, compartment, very few people were in the box, and so, therefore, security was extremely important and that I was being brought in because of this need, and only me, the need-to-know principle was ruthlessly applied to this compartment. The compartment was the negotiations with the Government of Iran to do a variety of thigns, and I think as part of that in briefing we talked about the terms of reference or I looked at a copy, and we, so part of this in briefing into the compartment would have included the strategic rationale for the dialogue with this group who we apparently felt was pragmatic, more pragmatic than other elements within the Iran Government, and we could possibly deal with and hope for a better relationship with Iran after the Ayatollah died, and to forestall any Soviet exploitation of the chaos that might follow the Ayatollah's death, and on good faith, from their side, helping with the release of our hostages in Lebanon, and as good faith from our side, something to justify the risk that these people who were talking with us would be taking from the left wing crazies within the Iranian Government, would be the sale of some arms.

Q Did he tell you, while you are thinking, who the people were who were involved in the compartment, aside from himself?

A Again, taking the whole period of his departure, which was my being brought up to speed on this complex operation in a short period of time, I came to know that Admiral Poindexter and his EA, Paul Thompson, were both in the box, in the compartment. And so that would be it on the NSC Staff as being fully in the compartment, I believe.

I may recall someone later, but I think just the four of us, although there were others on the NSC staff who knew part of it. So they were in not all the boxes within the boxes but some element of the box, and that would be Howard Teicher, who was on the party and went on the trip to Tehran. But his responsibility was more the geostrategic relationship with Iran, and he had helped to draft in terms of reference. Hoping to draft the terms of reference was Peter Rodman, so he was, again, in the box a little bit, although not as much as Teicher because Teicher necessarily knew more going on the trip and doing the negotiations and seeing the spare parts that were in the back of the plane that took the party to Tehran.

As far as I understand, Peter Rodman merely knew about preparing the TOR, but, of course, looking at the TOR, it tells you quite a bit, and so one can extrapolate from that. I didn't know what he knew or didn't know. I don't know how much Rod McDaniel, the Executive Secretary, knew. I think most of the time I was there that I had thought he was not in the box, but at the tail end, and certainly since then, with some of the things I have read in the Tower Report that has made me realize he, for all practical purposes, was in quite a bit of the box.

Outside NSC, General Secord, and really whoever worked for him, and my knowledge of people that were involved with him and what he did, I am not sure right now I could go back and say in May I knew that --

Q Robert Dutton?

A -- Bob Dutton -- in fact, I am not sure he was employed by -- I am not sure.

Q I know what you are saying.

A Sometime later, he came on the scene. Whoever in that group was potentially in the box helping General Secord.

On the Israeli side, Omni Romnier, who was the terrorism adviser to the Prime Minister; at CIA, the Director of Central Intelligence, Bill Casey, [redacted] maybe I have overstepped what I should -- I don't know on the DOD -- they are super-sensitive about cover.

Q You don't have to mention his title. His name and the others are known and are in this record.

A The Tower Report didn't mention his name.

Q Did it mention Cave?

A George Cave. There was a Logistic Assistant for [redacted]

Q Who handled the communications?

A It was the guy before [redacted] was the guy who replaced him.

MR. EGGLESTON: [redacted]

THE WITNESS: [redacted] Charlie Allen was in part of the box, but not all.

BY MR. BELNICK:

Q Did he mention whether anyone at State knew about it?

A There were references that the Secretary had been briefed by Admiral Poindexter and that no one else below that --

Q The Secretary of State had been briefed?

A Yes. But later on Ambassador to Combat Terrorism --

Q Oakley?

A Bob Oakley. -- came to OSG meetings and seemed to know quite a bit -- but that was later on, so I am not sure how early on he knew what. He at later stages seemed to know quite a bit.

Q Going back to CIA, did he mention whether Gates, Dewey Clarridge or Claire George was involved?

A I missed Claire George. He was certainly one. I went out to a meeting at CIA, and he was there attending. Claire George I should have mentioned earlier.

Dewey Clarridge, I can't recall at this time, we are talking about in May, whether I knew Dewey Clarridge knew about the box. Certainly later I knew that he did.

Q Robert Gates?

A I don't think there were any references to Robert Gates in May that I recall.

Q How about at the Defense Department?

A Let's see, the Secretary of Defense.

Q He told you the Secretary of Defense was aware of it?

A Well, I am just trying to think whether he actually told me that at one point. I can't recall that. But initially, from the way we purchased the weapons through [redacted] the DOD, I knew it was approved by Secretary Weinberger. I knew that certainly sometime after it.

There were people who also knew at State, but I am not exactly sure who I knew in May. For example, Rich Armitage, at some point I knew --

Q He is at Defense?

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A -- part of it. But I don't know if I knew that in May.

Q How about in the White House, did Colonel North tell you there had been a Presidential covert action finding? Did he tell you that in May?

A I think I knew in May there was a finding.

Q Did you see the finding?

A I don't think I saw the finding in May.

Q Did you ever see the finding?

A I saw the finding in November for sure. I don't think --

Q When the news broke?

A Yes.

Q And the finding you saw in November was dated in January of 1986?

A As it turned out, there were two findings. One was dated, I think, 17 January, and the other one was dated, I am drawing a blank.

Q 6 or 7 January?

A 6 or 7 January, the same month, yes, that is right.

Q Both signed by the President?

A Yes.

Q Did you ever see a finding relating to Iran that was earlier in date than January, 1986?

A No, I don't think so.

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Q To be more specific, you probably have seen references in the Tower Report to a proposed finding in November, 1985 that would have retroactively proved certain actions that had been taken prior to that in the Iran compartment. Does that sound familiar at all from anything that you have read?

A November, '85?

Q Yes. And if it doesn't, then you have answered the next question. You never saw a finding or heard about a finding like that?

A No, I don't think so.

Q Anything called a mini-finding?

A I have seen references to that, but I think my knowledge of that is all subsequent. I don't think at the time that I was at the NSC that, although perhaps during the development of chronology period.

Q Not at any time period about that?

A I don't think so.

Q Certainly any findings signed by the President that you have ever seen are the two from January, 1986.

A Yes.

Q You never heard the President signed another finding in this compartment? You never heard whether the President signed another finding in this compartment?

A No, I don't think so.

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Q Returning to May, 1986 and your briefing, apart from the President, did Colonel North tell you that anyone else from the White House knew of this activity?

MR. LEON: How about the Vice President?

THE WITNESS: I was thinking of that. I don't recall, from the timeframe, whether the Vice President was mentioned or not.

BY MR. BELNICK:

Q When you were briefed in May by Colonel North, did he talk to you at all about the pricing of the weapons that were involved in this program?

A I am having trouble differentiating the April-May timeframe, which was my first dealing with this whole compartment and the weapons and the pricing from a later evolution where I was more substantially involved, and differentiating what I knew about pricing this first time as opposed to what I learned later.

Q Why don't you tell us what you learned about the pricing and put a time on it, to the best of your ability. We understand time has passed, and if you can't be precise, just be approximate. Give us your best recollection.

A There was a multi-page listing of spare parts which were the list of Hawk spare parts that the Iranian Government wanted, and this was long paper with several columns of information, a dozen or so parts per page down the left side

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and would have the name of the part, the NSNOFSN, Federal stock number, the quantity of the parts desired, and the cost.

Q The cost to the CIA?

A That's where I am getting confused with the later timeframe. I know that at least in the second phase that I knew there were two columns, and I can't remember now actual or real, real or actual. That was always a point of confusion, which was which. But one was the cost that the DOD was charging CIA, and the other was the higher cost that was ultimately going up a very complex circuitous chain en route toward the Iranians, and I don't even know if it's the one the Iranians got. I doubt it. I think Ghorbanifar added on the top of that, and God knows who else. But I knew there were two columns for prices.

Q At least as of when, what was the earliest you can now recall knowing there were two prices? I recognize you may have learned that in May. If it wasn't May, when do you trace the evolution of your knowledge?

A In this timeframe of being briefed into the compartment, April-May, Colonel North also told me, I think at that time, that part of the money was going to help the contras, part of the Ayatollah's money.

Q Is that how he put it?

A Well, I can't recall the exact words, whether he said the Iranian Government, the Ayatollah.

Q Whether he used the money, the Ayatollah, the Iranian Government, he told you part of the money Iran was paying for the weapons was going to the contras?

A Was going to support the contras. Not necessarily to the contras, but in support of the contra cause would be the best way I could characterize it at this point.

Q Did he tell you how much was going for that purpose?

A I don't think so.

Q Did he tell you what percentage of it was going for for that purpose?

A No.

Q Did he tell you how it was going to get to the contras or to some place where it would be used for the contras' benefit?

A No, not really. I will have to give some inferential things that might be relevant on that. I knew from at least the second time, prior to the Jacobsen release, that the ratio between the two columns, the difference, was a factor of 3.7, because --

Q Meaning the cost was --

A The higher price was 3.7 times higher.

Q -- than the actual cost from DOD?

A Actual or real, whichever.

Q Right.

A And I also knew from calls that I would receive from the CIA, as for example from [redacted] that they were expecting the money to show up in their Swiss bank account, and it wouldn't show, and so it was late, and they could call up and reverify the number of their account to be passed on to Colonel North or General Secord to make sure that it didn't get put in the wrong account by the digits being wrong.

So that I knew that it was coming from some other Swiss account into the CIA's Swiss account. I mean, I think that is partially relevant to your question.

Q Do you know who was setting the price to the Iranians or the price that you believed was going up the line to the Iranians?

A Like I say, it's still very confusing to me, the route and who was negotiating with whom, and I knew it was common knowledge among all of us that Ghorbanifar was an untrustworthy individual and that he was no doubt taking a profit and putting his markup on the thing, it is a way of life of arms merchants, and like I say, I don't know who else might have been doing that, perhaps the Israelis in some way, either through Ghorbanifar, independently, or the exact route is very, is unclear to me.

Q Sure. But understanding that, did you have an understanding of who was setting the initial markup?

Let me tell you what I hear from your testimony, that you saw numbers indicating that the price to the

Iranians so far as you knew would be at least roughly 3.7 times higher than the DOD price, right?

A Yes.

Q Now, it may have been that Ghorbanifar or the Israelis or other merchants were then slapping additional markup on top of that, right?

A Correct.

Q So, let's leave that additional layer out of it. Did you have any understanding of who had set the 3.7 multiple?

A No. The way that was derived the second time was in order to show consistency of markup from previous arms transactions, Colonel North and I took an aggregate of a previous transaction, it may have been the May transaction, I am not sure now which one, but in any case, did division to show what the markup in aggregate was and used that factor line by line in the list that we were talking about in the November timeframe, I think, or not November, but in the fall, prior to November.

Q So that you actually worked on figuring the prices for that fall-1986 shipment?

A Well --

Q Or figuring them by using this formula that you have just described?

A I am getting confused between shipments now. It seems to me that the 240 spare parts, 239 or 236, whatever we finally could fill of the approximately 239 or 240 that they requested, went with the McFarlane party in May, and yet I am recalling doing this multiplication to that whole laundry list again after that, after they had already been delivered. So something is not tracking in my recollection. There was in between a new list of parts that was developed over time, coming from Amiram Nir, a list of replacements or substitutes or -- replacements is the best word for parts that were delivered in May that didn't work when they got there. They were tested by the Iranians, they said they couldn't get them to work, so they wanted parts that worked.

The original order asked for four, a quantity of four, and only three were delivered according to the Iranians, so they wanted one more according to their math. So there was a great deal of confusion and deliberation on putting together and sorting out what we had owed them and who would pay for that, and it's kind of confused in my mind at this point.

Q We may be able to get to it on the day that we have your notes, maybe it will help with your recollection, but do I understand, at least without reference to which shipment, that at least on one of the shipments you worked on calculating the price based on differentiations that had been set in prior transactions?

A Correct.

Q Do you know, though, who was present at the creation of the first differentiation, who had initially decided they would pay at least, say, 3.7 times more?

A No.

Q Oliver North told you?

A No.

Q Did Ollie indicate to you who else knew that mon~~eys~~ies from the sales would be used on behalf of the contras?

A I can't recall whether he specifically told me. General Secord knew that, but certainly by the thing that I already mentioned about the accounts, it seems to me that I knew that.

Q How about anyone else in the government?

A He had told me on one occasion that he had told the Director of Central Intelligence, and as I just described for General Secord, I would put Admiral Poindexter in that same category, that I can't specifically recall him telling me that or how I knew that, but --

Q You felt you knew it?

A I just can't conceive of him not knowing from the way he dealt with him. In my general understanding of the mode of operation of Colonel North back briefing Admiral Poindexter routinely on everything and anything, either by secure phone call or cross note or memo or going over to see him personally,

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that he did that regularly and that was just the general, my general understanding.

Q Do you recall when North told you that he had discussed the proceeds going for the contras with Director Casey?

A The closest that I can bracket it is sometime between May, when I first knew, until November, in that intervening months -- sometime in there, and I am just not sure when.

Q Aside from Casey and Admiral Poindexter, did North indicate whether anyone else in the government was aware of this use of proceeds from the Iranian arms sales?

A I don't think so, not that I can recall.

Q Did you learn apart from conversations with North whether anyone else in the government was aware of this use of proceeds?

A Sometime prior to, I am not sure of the date, it may have been November, it may have been earlier than that, in October, I was aware of a memo that either the Director of Central Intelligence had sent down for Admiral Poindexter or the NIO, Charlie Allen had done for the Admiral, who sent it down for Poindexter, but I remember there was a memo dealing with the problem of OPSEC, an operational security problem, with some Canadian financiers, and Richard Furmark, I believe, is the name. There was a memo laying out this

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potential problem --

I was about to say that was one of the examples. I am not sure whether that had anything specifically on diversion, maybe not. I may be mis-identifying that in that category.

One other thing was on the -- date, Monday, the 25th of November.

Q November 24.

A The 24th, okay.

Colonel North showed me a memo thathad a reference to a diversion or to $12 million going to help the contras.

Q Let me show you this document, which I will have marked in a moment as Earl Exhibit 3. Does that appear to be the document Colonel North showed you on November 24, '86?

A Yes.

MR. BELNICK: We will mark that as Earl Exhibit 3 for the record.

(The Document referred to was marked as Earl Exhibit No. 3 for identification.)

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RELEASE OF AMERICAN HOSTAGES IN BEIRUT

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Background. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

-- not object to the Israeli transfer of embargoed materiel to Iran;

-- sell replacement items to Israel as replenishment for like items sold to Iran by Israel.

On September ~~14~~ 3, the Israeli Government, with the endorsement of the USG, transferred 508 basic TOW missiles to Iran. Forty-eight hours later, Reverend Benjamin Weir was released in Beirut.

Subsequent efforts by both governments to continue this process have met with frustration due to the need to communicate our intentions through an Iranian expatriate arms dealer in Europe. In January 1986, under the provisions of a new Covert Action Finding, the USG demanded a meeting with responsible Iranian government officials.

On February 20, a U.S. Government official met with [redacted] the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that the hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it also became apparent that our conditions/demands had not been accurately transmitted to the Iranian Government by the intermediary and it was agreed that:

-- The USG would establish its good faith and bona fides by immediately providing 1,000 TOW missiles for sale to Iran. This transaction was covertly completed on February 21, using a private U.S. firm and the Israelis as intermediaries.

-- A subsequent meeting would be held in Iran with senior U.S and Iranian officials during which the U.S. hostages would be released.

-- Immediately after the hostages were safely in our hands, the U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 1985 transfer.

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In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided.

From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the [redacted] intermediary. On March 26, [redacted] made an unsolicited call to the phone-drop in Maryland which we had established for this purpose. [redacted] asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beirut was deteriorating rapidly. He was informed by our Farsi-speaking interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. [redacted] observed that we were correct in our assessment of their inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepare an inventory of parts required to make their HAWK systems operational. This parts list was received on March 28, and verified by CIA.

Current Situation. On April 3, Ari Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from [redacted] to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, and delivery procedures for materiel the U.S. would sell to Iran through Israel. The meeting lasted nearly all night on April 3-4, and involved numerous calls to Tehran. [redacted] A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, it was agreed to proceed as follows:

-- By Monday, April 7, the Iranian Government will transfer $17 million to an Israeli account in Switzerland. The Israelis will, in turn, transfer to a private U.S. corporation account in Switzerland the sum of $15 million.

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-- On Tuesday, April 8 (or as soon as the transactions are verified), the private U.S. corporation will transfer $3.651 million to a CIA account in Switzerland. CIA will then transfer this sum to a covert Department of the Army account in the U.S.

-- On Wednesday, April 9, the CIA will commence procuring $3.651 million worth of HAWK missile parts (240 separate line items) and transferring these parts to [redacted] This process is estimated to take seven working days.

-- On Friday, April 18, a private U.S. aircraft (707B) will pick-up the HAWK missile parts at [redacted] and fly them to a covert Israeli airfield for prepositioning (this field was used for the earlier delivery of the 1000 TOWs). At this field, the parts will be transferred to an Israeli Defense Forces' (IDF) aircraft with false markings. A SATCOM capability will be positioned at this location. [redacted]

-- On Saturday, April 19, McFarlane, North, Teicher, Cave, [redacted] and a SATCOM communicator will board a CIA aircraft in Frankfurt, Germany, enroute to Tehran. [redacted]

-- On Sunday, April 20, the following series of events will occur:

  - U.S. party arrives Tehran (A-hour) -- met by Rafsanjani, as head of the Iranian delegation.
  - At A+7 hours, the U.S. hostages will be released in Beirut.
  - At A+15 hours, the IDF aircraft with the HAWK missile parts aboard will land at Bandar Abbas, Iran.

Discussion. The following points are relevant to this transaction, the discussions in Iran, and the establishment of a broader relationship between the United States and Iran:

-- The Iranians have been told that our presence in Iran is a "holy commitment" on the part of the USG that we are sincere and can be trusted. There is great distrust of the U.S. among the various Iranian parties involved. Without our presence on the ground in Iran, they will not believe that we will fulfill our end of the bargain after the hostages are released.

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-- [redacted] Gorbanifahr specifically mentioned that Qhadhaffi's efforts to "buy" the hostages could succeed in the near future. Further, the Iranians are well aware that the situation in Beirut is deteriorating rapidly and that the ability of the IRGC to effect the release of the hostages will become increasingly more difficult over time.

-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

-- [redacted]

-- The Iranians have been told that their provision of assistance to Nicaragua is unacceptable to us and they have agreed to discuss this matter in Tehran.

-- We have further indicated to the Iranians that we wish to discuss steps leading to a cessation of hostilities between Iran and Iraq. [redacted]

-- The Iranians are well aware that their most immediate needs are for technical assistance in maintaining their air force and navy. We should expect that they will raise this issue during the discussions in Tehran. Further conversation with Gorbanifahr on April 4, indicates that they will want to raise the matter of the original 3,000 TOWs as a significant deterrent to a potential Soviet move against Iran. They have also suggested that, if agreement is reached to provide the TOWs [redacted]

-- The Iranians have been told and agreed that they will receive neither blame nor credit for the seizure/release of the hostages. [redacted]

-- The residual funds from this transaction are allocated as follows:

  - $2 million will be used to purchase replacement TOWs for the original 508 sold by Israel to Iran for the release of Benjamin Weir. This is the only way that we have found to meet our commitment to replenish these stocks.

  - $12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This materiel is essential to cover shortages in resistance inventories resulting from their current offensives and Sandinista counter-attacks and to "bridge" the period between now and when Congressionally-approved lethal assistance (beyond the $25 million in "defensive" arms) can be delivered.

The ultimate objective in the trip to Tehran is to commence the process of improving U.S.-Iranian relations. Both sides are aware that the Iran-Iraq War is a major factor that must be discussed. We should not, however, view this meeting as a session which will result in immediate Iranian agreement to proceed with a settlement with Iraq. Rather, this meeting, the first high-level U.S.-Iranian contact in five years, should be seen as a chance to move in this direction. These discussions, as well as follow-on talks, should be governed by the Terms of Reference (TOR) (Tab A) with the recognition that this is, hopefully, the first of many meetings and that the hostage issue, once behind us, improves the opportunities for this relationship.

Finally, we should recognize that the Iranians will undoubtedly want to discuss additional arms and commercial transactions as "quids" for accommodating [redacted] Nicaragua, and Iraq. Our emphasis on the Soviet military and subversive threat, a useful mechanism in bringing them to agreement on the hostage issue, has also served to increase their desire for means to protect themselves against/deter the Soviets.

RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve _____ Disapprove _____

Attachment
    Tab A - U.S.-Iranian Terms of Reference

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April 4, 1986

TERMS OF REFERENCE
U.S.-Iran Dialogue

I. BASIC PILLARS OF U.S. FOREIGN POLICY (Optional)

-- President Reagan came into office at a time when Iran had had a certain impact on the American political process -- perhaps not what you intended.

-- The President represented and embodied America's recovery from a period of weakness. He has rebuilt American military and economic strength.

-- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power in defense of its interests. We are not intimidated by Soviet pressures, whether on arms control or Angola or Central America or Afghanistan.

-- At the same time, we are prepared to resolve political problems on the basis of reciprocity.

-- We see many international trends -- economic, technological, and political -- working in our favor.

II. U.S. POLICY TOWARD IRAN: BASIC PRINCIPLES

A. U.S. Assessment of Iranian Policy.

- We view the Iranian revolution as a fact. The U.S. is not trying to turn the clock back.

- Our present attitude to Iran is not a product of prejudice or emotion, but a clear-eyed assessment of Iran's present policies.

- Iran has used "revolutionary Islam" as a weapon to undermine pro-Western governments and American interests throughout the Middle East. As long as this is Iran's policy, we are bound to be strategic adversaries.

- Support of terrorism and hostage-taking is part of this strategic pattern. We see it used not only against us, but against our friends. We cannot accept either. Your influence in achieving the release of all hostages. return of those killed (over time) is essential.

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- We see your activity in many parts of the world, including even Central America.

- The U.S. knows how Iran views the Soviet Union. But subversion of Western interests and friends objectively serves Soviet interests on a global scale.

- Thus, our assessment is that a decisive Iranian victory in the war with Iraq would only unleash greater regional instability, a further erosion of the Western position, and enhanced opportunities for Soviet trouble-making.

- The U.S. will therefore do what it can to prevent such a development. We regard the war as dangerous in many respects and would like to see an end to it.

B. Possible Intersections of U.S.-Iranian Interests.

- Despite fundamental conflicts, we perceive several possible intersections of U.S. and Iranian interests. I propose we explore these areas.

- First, the U.S. has had a traditional interest in seeing Iran preserve its territorial integrity and independence. This has not changed. The U.S. opposes Soviet designs on Iran.

- Second, we have no interest in an Iraqi victory over Iran. [redacted] We are seeking an end to this conflict and want to use an improved relationship with Iran to further that end.

- Third, we have parallel views on Afghanistan. Soviet policy there is naked aggression, a threat to all in the region. [redacted] But our objective is the same: the Soviets must get out and let the Afghan people choose their own course.

C. U.S. Objective Today.

- We have no illusions about what is possible in our bilateral relations. Perhaps this meeting will reveal only a limited, momentary, tactical coincidence of interests. Perhaps more. We are prepared either way.

- In essence, we are prepared to have whatever kind of relationship with Iran that Iran is prepared to have with us.

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III. SOVIET MILITARY POSTURE

-- Moscow has designs on parts of Iran. [redacted]

-- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.

-- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.

-- U.S. is aware of Soviet activity [redacted]

-- Soviet plans [redacted] How they would do it.

-- Iranian support to Sandinista regime in Nicaragua aids and abets Soviet designs -- makes U.S.-Iranian relationship more difficult ($100 million in oil last year, plus arms).

-- U.S. can help Iran cope with Soviet threat.

IV. AFGHANISTAN

-- May be real value for Iran and U.S. to find ways to cooperate against Moscow in Afghanistan.

-- U.S. can provide humanitarian assistance for refugees [redacted]

-- We need to know who you work with, what you already provide, and devise strategy to exploit Iranian comparative advantage.

V. HARDWARE

-- We may be prepared to resume a limited military supply relationship.

-- However, its evolution and ultimate scope will depend on whether our convergent or our divergent interests come to loom larger in the overall picture.

-- What does Iran want?

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THE WITNESS: There's one other instance, I can recall, I think, an OSG meeting, but it may have been some other type of meeting in Colonel North's office in which, as I recall, Colonel North made a passing reference to, something to the effect "Wait until it's learned the Ayatollah is funding the contras," or something like that, which was half in gest, a little bit flippant, perhaps, but it was, it was thrown out there, and I remember my reaction to it and wondering what others' reaction to it would be, because I wasn't sure the assembled were in the box.

BY MR. BELNICK:

Q When was this meeting?

A I don't know.

Q Was it a cover-up meeting? Do you remember who else was there?

A I said I think it was an OSG meeting, but I am not sure. It may have been some other meeting.

Q Who else would have been there?

A One representative from State, CIA, two representatives from CIA, usually, one from FBI, one from the Office of the Secretary of Defense, and one from JCS.

Q If it was an OSG meeting, that would have been the complement of people at it.

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A Yes.

Q Before I go back to who might have been there, let me go back to try to place the date of it. Was it after

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the Tehran mission in May, 1986?

A I believe so. Because if it were before, it wouldn't have made the same impact on me.

Q So it was some time before June, starting in June of 1986 forward, and it was before the November disclosures?

A Yes, I believe so.

Q Can you place it any better between those two holes?

A No. One big blur.

Q Going back to who might have been there, if it was an OSG meeting, were the representatives of the different agencies that you have named usually the same persons?

A Usually, yes, although there were some substitutions if individuals weren't available.

Q Who was usually there from JCS?

A General Miller.

Q If he wasn't? Miller?

A General Kelley.

Q Who was there usually from the Department of Defense?

A Rich Armitage.

Q If he was not there? Mr. Sanchez?

A No. But one of the other deputies at that level. Specialty in -- special operations.

Q You may think of it, or we will find it. How about from the FBI?

A Oliver Revell.

Q If he was not there?

A I would have to have access to my notebook, which has phone lists on it. I can pick it out from there. I am not recalling the name right now.

Q Who were ordinarily the CIA representatives?

A Dewey Clarridge and Charlie Allen were the two primaries, and they had alternates.

Q Who were their alternates?

A Names, not one of my strong points.

Q Do your best.

A [redacted] would have been Charlie Allen's substitute. I will come back.

Q Apart from what you have testified to so far, can you recall any other references to the issue of, or to the -- yes, to the matter of the Ayatollah paying for the contras or use of proceeds from the Iran transactions to support or benefit the contras in some way?

A Not that I am recalling right now, no.

Q Did you ever hear any total amount that was available or intended to be used for new transactions to benefit the contras?

A No.

Q Do you recall at the OSG meetings, was there ever a representative from the State Department?

A I am sorry, I missed that. I didn't list that?

Q- If you did, I didn't hear it.

A You are right. Normally the State Department was represented, and that would have been Ambassador Robert Oakley, and then he was relieved by the current Ambassador at Large, and I can't remember his name. Each of them had deputies who would have been substitutes in their period.

Q I would like you to just think for a moment, the comment about "Wait until people find out the Ayatollah is paying for the contras," as you think and recall the comment now, how clear are you that it was an OSG meeting?

A I am not clear on that. That is my best guess at the type of meeting that would have been in his room for the remark.

Q Can you think of another sort of forum in which he might have made a remark like that?

A Not really. It could have been an ad hoc meeting of some group of people.

MR. SMILJANICH: Bremmer?

THE WITNESS: Yes, Bremmer.

BY MR. BELNICK:

Q Did Colonel North ever assert anything with respect to whether the President knew or didn't know about diversion or use of proceeds from the Iran transactions?

A Not prior to November --

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Q Twenty-five?

A Twenty-five or 26. I am not sure of the date.

Q You are referring to the date when Colonel North was terminated on the NSC staff or when he left the NSC staff? I don't want to use the term "terminated" with a counter-terrorism person. When he ceased to be employed by the NSC staff. Was that the day?

A Either that day or the next day. I can't place the day precisely. It was either Tuesday or Wednesday of that week.

Q I know we will get to it in sequence, but why don't you tell us now what you are referring to?

A Colonel North -- well, earlier in the day, after the press conference --

Q That was the Attorney General's press conference?

A Yes. We had been getting lots of calls for Colonel North.

One of the calls that came in was from the President, and Colonel North was not in the office, so his secretary, Fawn Hall, arranged for the call to be either transferred, or they gave whoever was calling for the President, she gave that person the number where he was so that -- well, to try and get the call transferred.

Q Sure.

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A So either later that night when he returned to the office or the next night when he returned to the office, I am not sure which of the two nights it was, prior to leaving, he turned and said, I think that we must have been talking about that call, because the remark that I recall was that he said, and you know that the President, you know what the President said, something like that, that it's important that I not know, something like that. I am not quoting, words to that effect.

Q Who else, if anybody, was present when North said this to you?

A I think Craig Coy was also present.

Q Where were the three of you?

A We were at the top of the stairs in our office.

Q The top of the stairs leading to the second floor of 302?

A Correct.

Q Your best recollection, then, is there were the three of you there at the top of the stairwell, correct?

A Correct.

Q Do you recall anything else that North said to you about his conversation with the President in that discussion?

A No, I don't think so, just that.

Q Did you say anything in response?

A No, I don't believe I did.

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Q Did Commander Coy?

A I don't think so.

Q What did you understand to be the antecedent of the President saying, "I can't know it" or "I shouldn't know it" or the words that you used?

A My belief or my understanding of what that meant was in reference to the contra diversion.

Q And just what was the basis for your having that understanding, Bob?

A I can't recall why I thought that, but it seemed obvious to me at the time, if I could recall what led up to that conversation or the exact words of the conversation, it might be clearer. But I recall the recollection that that is what I thought.

Q Apart from that conversation, which you have just described, did Colonel North ever comment to you about the President's state of knowledge regarding use of proceeds from the Iran sales?

A I don't think so.

Q Did anyone else?

A No, I don't think so.

Q Have you ever seen any documents that at least on their face were addressed to the President that dealt with use of proceeds from the Iran arms transactions?

A Well, the memo that you just showed me is written

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in a form that talks to briefing the President and has an approved or disapproved line in the recommendation. So this memo --

Q This memo is Earl Exhibit 3. Had you seen Earl Exhibit 3 prior to Monday, November 24, 1986?

A I can't recall that I did. But I must have, because at the time Colonel North showed it to me, I think I was drawing a blank on the document, and Colonel North said, "You remember, that is the one that you changed the date on." There is a date that's marked out and that looks like my handwriting.

Q The number 13 looks like your handwriting?

A Yes, it looks to be my handwriting.

Q Do you remember crossing off a date on this document and writing the 13?

A I don't remember it.

MR. LEON: It might not be.

THE WITNESS: Sorry?

MR. LEON: It might not be.

THE WITNESS: It might not be. Off the record.

MR. BELNICK: Sure.

(Discussion off the record.)

MR. BELNICK: Let's go back on the record.

BY MR. BELNICK:

Q One possibility Colonel Earl has mentioned off the record is the possibility that he was proofreading this document at some point, as you had termed, the proofreader of last resort, and may have made some corrections, and you pointed us to a page which bears our Bates number stamp N-596, part of Earl Exhibit 3, and you have pointed to a proofreading correction under the paragraph that has capital B, 1, 2, 3, the paragraph beginning "second", typed in is[redacted] et cetera, and someone has put a "N" after the "A", so it reads "a Iraqi victory."

Does that appear to be your "N", or do you remember that you did that?

A I don't remember I did that, but it could well be my handwriting, but I don't clearly recognize it as such. A printed "N" is hard to ensure. But it's plausible.

Q In any event, Colonel North said to you, when he showed this to you on November 24, you had seen it earlier?

A That I had made this correction, which I recall that he recalled that and was surprised that I didn't.

Q Unfortunately, we have all become experts in something called system 4 dealing with numbers and codes.

A That is all right. They will change it. We are also the poster boys for the Ophthalmology Foundation next year. It has all worked out.

Q Did you notice this document, Earl 3, as we have it and as everybody has it, does not have a system number on it? Correct? None that you can see? And I can tell you, there is no copy that anybody has given us that has a system 4 number on it.

A I don't see one.

Q It also doesn't have the kind of cover sheet that we are now tragically used to seeing with NSC documents. It says the National Security Council, to, from, all these stamps and things. Do you recall having seen -- my first question is, do you recall having seen this document in a form where there was a system 4 number and heading, "National Security Council" addressed to somebody, from somebody, with a date?

A No, I do not.

Q All right.

Were documents prepared in your tenure at the NSC staff for use at the NSC which were outside the system completely?

A Yes.

Q On what occasions did that happen?

A A lot. Anything that was in one of Colonel North's highly comparted projects, it was in his judgment, and I assume confirmed by Admiral Poindexter since he received them and they are objected to, they were too sensitive for system 4, there would be a non-log memo that was hand carried to

Admiral Poindexter, if it were, for example, a memo going to Admiral Poindexter, and there were many of those prepared.

Q Where were they filed? Let me ask you first, I take it those documents -- and correct me if I am wrong -- were not sent to Jim Radzimsky for filing in the system 4 safes, correct?

A Correct.

Q Where were the originals then and copies of those documents filed?

A Filing was not one of Fawn's strong suits, so it's hard for me --

Q Where were they supposed to be filed?

A I am not even sure of that. There were possible candidates, I think, is the best that I can come up with where they might have been; one would be the chronology file Fawn maintained, the office chronology or chronology of North-prepared documents.

Another would be the functional file for that particular subject on which the memo dealt. It's possible, but I don't recall, there would be a so-called non-log file.

Q Non-log or outside the system documents also were not routed at any time through the Executive Secretariat, am I correct?

A That is correct.

Q Apart from this document, Earl Exhibit 3, did you ever see another document that described, discussed or referred to any use of proceeds from the arms transactions to benefit or support the contras?

A I have a vague recollection of something, and I am not sure if it was the Tower Commission or something that I have seen since November, or what, but I have a vague recollection of a reference to some sort of parenthetic remark about support to the contras, or something like that, on one of the versions of the chronology. I don't know where I got that, whether, like I say, it's from Tower or something I have read in the paper or something I have heard since then, or whether I knew that from having seen it in the week or two of preparation of chronologies or what.

Q Was that week or two of chronology work all prior to the Attorney General's press conference on November 25?

A Yes.

Q Did you know prior to November 25 or November 24 whether Bud McFarlane was aware of the use of proceeds for the contras?

A No, I don't think I was.

Q You did not know one way or the other?

A No.

Q You did know, of course, though, McFarlane was briefed into the compartment, you knew he had gone to Tehran.

A Yes.

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Q Going back to the time you were briefed in the compartment, what did Colonel North tell you was Israel's role?

A Well, Israel was a very important facilitator and -- gees, how can I characterize it?

Q Instead of --

A They would help with logistics.

Q Specifically, what were they supposed to be doing? Help with logistics.

A They received and stored the spare parts and weapons when they arrived in Tel Aviv.

Q They positioned them there?

A For subsequent transfer to Iran when authorized.

Q Yes.

A They provided a 707, unmarked 707 for the transfer, flying in of the party and the parts. They provided facilities --

Q Let me ask you this, did North or anyone ever tell you one role of the Israeli transaction was to provide plausible deniability to the American Government?

A I am not recalling that specifically. I can't recall.

Q What did you understand from Colonel North Israel was to get, if anything, for its role in this transaction or these transactions?

A Hopefully, they would get one of their hostages back. They had had at least two that I recall, and maybe more, military men shot down or captured on patrol, at least one of whom was believed, with some degree of hope, belief, that he was still alive and being held in Lebanon.

Q Anything else?

A Not specifically, just the general cooperation between close allies and friends and a mutual desire to deal with terrorism in the region, and hostage taking was a mutually troublesome phenomenon, to say the least.

Q Did North tell you about anything that had occurred in 1985 in this compartment when he briefed you into it?

A I don't think so. I knew either then or later that Michael Levine had been involved in some beginning parts of it, but I am not sure exactly what, and it would be hard for me to differentiate what I have read now in Tower from what I knew then.

Q Generally speaking, prior to all the disclosures after November and Tower, do I understand that you did not know about specific shipments that had been made in 1985 and what the Israelis' role had been in those and/or the American Government's role? Am I correct, you did not know about those things until subsequent to the disclosures?

A I think that is correct, yes.

Q He explained to you what Israel's role was in the compartment, logistical support and so forth. What did he tell you was General Secord's role?

A General Secord also helped with the logistics, provided pilots, for example, for the aircraft, for the Israeli aircraft that flew the party into Tehran, flew the weapons into Tehran, providing aircraft and crew for some of the legs, getting them [redacted] to Tel Aviv on at least one of the occasions, was involved in some way with the transfer of funds that I knew from getting the calls from CIA where they hadn't arrived yet.

During the McFarlane mission to Tehran, General Secord remained behind in Tel Aviv and established a CP man post, I think, in a hotel in Tel Aviv, I am not positive, I think it was though, I think my notes will show the hotel room number and stuff, which was an alternate means of communication or backup means of communication with the party in Tehran, so we just didn't have to depend on the link from Tehran to CIA Headquarters and thence to the White House. But we had another means of communicating with the party direct from Tel Aviv.

Q You understood at the time that General Secord was not an employee of the United States Government?

A Yes.

derstood he wasn't with the CIA or the Defense

[illegible]

A Correct.

Q Did you understand that he was working for the CIA or the Defense Department?

A Well, I knew that he was working in this amorphous structure that was referred to as Democracy, Inc., Democracy Incorporated.

Q Who called it that?

A Colonel North, and that that structure was supportive on this project and was with full knowledge of the CIA and that -- so while not formally an employee of the CIA, nonetheless it was with their knowledge, and they provided a false passport, for example, for General Secord --

Q The CIA did?

A Yes. So it's kind of a quasi middle-ground state.

Q If I talk about CIA proprietaries, you, of course, know what I mean?

A Yes.

Q Did you understand Democracy, Inc. to be a CIA proprietary?

A No, I don't think it was.

Q What did you understand it to be? Did North describe it as a formal incorporated entity or something else?

A Well, I was never briefed into that box, so unlike the Iran episode, my knowledge of that is acquired from bits and pieces, just my proximity of answering phone calls

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and helping where I could, not from being in a box.

Q From those bits and pieces of knowledge, what did you conclude was the nature of Democracy, Inc?

A I concluded that it was a private-sector group that was doing certain things that the U.S. Government could not or would not do.

Q Did you understand this private-sector group, Democracy, Inc, was making a profit or was getting compensated in money for doing what it was doing?

A I didn't know that. But it seemed to me that they had operating expenses in support of this department, this operation, that I would have guessed were coming from that in some way.

Q Let me --

A For example, provision of chartering a Leer Jet for bringing Jacobsen back from Cyprus to W~~ai~~iesba~~k~~den was provided by Democracy, Inc. (?)

Q Did you think that the only thing they were getting was their expenses covered or that they were getting compensated, being paid a fee, making a profit?

A I don't know about that. And with the same logic of what I would have thought, I don't know. It doesn't strike me as unreasonable that they would get a salary for the employees that were doing this, so there was some profit margin that was being applied for the running of this.

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Q Did North ever tell you whether that was so?

A No. I am speculating now, and perhaps I ought not to do that.

Q I don't want you to speculate. No one else ever told you what "Democracy, Inc", in quotes, was getting out of it either.

A No.

Q You understood Democracy, Inc. to be Secord's enterprise, whatever that was?

A Yes.

Q Did you know a man named Albert Hakim was involved with Democracy, Inc.?

A I knew that. I think I knew then he was a business partner of General Secord. I certainly recall that he was with General Secord and some of the CPs that were established in some of the hotels for negotiations with the Iranian Government and that he would be talking to the Iranians and transferring the word to us what they were saying about the release of the hostages, for example.

Q Do you know whether General Secord had a security clearance at the time? Did you ever find out whether he did or didn't?

A I don't know.

Q How about Albert Hakim?

A I don't know.

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Q Did Hakim ever come to the OEOB while you were there, to your knowledge?

A I don't think so. I don't think I have ever met him. I talked to him on the phone.

Q Secord, did he ever come to the building?

A Yes.

Q How did he come in? Would he be cleared in the normal way?

A Yes.

Q Did he ever talk to you about Khashoggi and his role in the transaction?

A I don't think so. I think all of my knowledge of Khashoggi is the Tower Report and post-November.

Q Ghorbanifar is a name you knew?

A Yes.

Q You understood him to be the Iranian intermediary?

A Yes.

Q There are other details about Iran, but since we have a limited amount of time today, I would like to jump to the November period. When we come back again, we will do more on Iran. There were disclosures of the Iran program in the foreign press at the beginning of November. Do you recall that?

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A Yes.

Q Then were you asked to work on, as you have alluded

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to before, the chronologies?

A Yes.

Q Who asked you to work on that?

A Colonel North.

Q What did he tell you was the project?

A He said that Admiral Poindexter wanted a chronology prepared which would be, since everyone who worked on the project only had bits and pieces of it, even Colonel North, knowledge of the project did not go all the way back to the beginning, to get all of the facts about the operation, the project, together for use by Admiral Poindexter and the President so that that would be a source document from which testimony would be derived for use in briefing the Congress at whatever time that was authorized.

It was originally done on a contingency basis, that there had been no decision taken yet on when or if the Congress would be briefed.

Q Were you told during the period of working on the chronology to shade the facts in any way?

A No. There was never any intention for all of the facts to go into the testimony, the briefings. There were even brackets, suggested deletions or material that was provided for use by Admiral Poindexter for his knowledge or background use but was too sensitive or otherwise inappropriate for use in a briefing for the Hill.

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For example, the name of one of the individuals in Iran. There was never any instruction or statement that I can recall that says "shade the facts" or anything like that, but there's no question in my mind if we were trying ultimately to create a document that would explain the strengths of the Iran Initiative, if there were two ways to say something, that you would choose the one that emphasized the benefits the United States was getting out of this rather than the one that tended to minimize those. That seemed to me to be a clear driving force in the exercise.

Q Did you observe any effort or hear any discussions whether the chronology ought to make the President look more involved, less involved, more knowledgeable, less knowledgeable, anything of that sort?

A Not that I can recall. I don't think so.

Q Who else worked on the chronology so far as you knew?

A Colonel North, Lieutenant Commander Coy, General Secord, George Cave, Mr. McFarlane -- when you say work on it, I mean they at one time or another came in and gave some input that we would then use to help correct because, as I said earlier, Colonel North did not have full knowledge of this.

Q I understand.

A I think also Howard Teicher.

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Q At some point in the examination, but not today, we will show you various drafts we have of the chronology, but we have-- I just wanted to ask you about one feature of those drafts. Some of them say maximum version, and others don't. So do you recall two different, shorter and longer, chronologies being prepared more or less at the same time?

A There were so many drafts of the thing that it's very confusing. But maximum draft means, to me, or meant to me that was the version that had everything in it that would have been for use, for reference use by Admiral Poindexter or the President, or whoever needed to know all of the facts of the operation from which to make judgments on how to proceed and what to do.

Q Do I take it that you recall that one of the versions of the chronology had something about the contras getting the benefit of some of the proceeds from Iran?

A I have this vague recollection somebody talked about that, I am not sure whether I saw it or whether I am here reading about it or hearing somebody comment on it, but somewhere I have this memory in one of the versions there was some kind of cryptic reference to it, but that may just be my garbled recollection of preee-garbled versions of this.

Q Exhibit 3.

A I don't know.

Q When the witness said this, he was referring to

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Exhibit 3. Right, Bob?

A Yes.

Q Let's go later in November. The President has a press conference on a Wednesday, I believe, which was November 19. Thursday is the 20th, Friday is the 21. Now, that Friday is the day, just to bring you back in time, when the Attorney General advises that he has been asked to take a look and see what the facts are related to the Iran program. Were you in the office that Friday morning?

A Our office?

Q Your office.

A Yes, I was.

Q Did you speak to Colonel North on that day?

A Yes.

Q Do you recall a conversation with him in the morning with reference to, or at some point during the day with reference to the Attorney General's inquiry and the matter at hand?

A I recall a conversation, I think in the afternoon, but I am not positive of that. I think -- I don't recall whether I got an intercom call or whether I had seen Colonel North as he came back into the office from the meeting, but I recall being told to bring my Iran file to him.

I recall taking my file, which was a duplicate file of some of the things that he had, and going down to his

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office and handing it to him. And he was, I believe, in the process of going through files and pulling materials out and placing them in stacks on his desk, and I am not sure, but possibly also putting some materials in the burn bag, but that's even vaguer. That may be another memory that is mixed in now.

But I think he received my file, took the documents out, and I believe either handed me the file back or put that separately down on the table and added the contents of my file to the stack on his desk. This seemed to me different from any previous of my files that he had, so I asked what was going on, and he said something, and again I can't recall the exact words, but something to the effect that "It's time for North to be the scapegoat, Ollie has been designated the scapegoat", or something like that. The term "scapegoat" is what I recall.

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Q Did you ask him what he meant?

A I don't recall asking him what he meant, but I must have. I recall that at some point there was a discussion of the Department of Justice or the HE AG, or Attorney General, some reference to that in that way, sending some people around to just take a look at the details, that -- I think also in the same conversation, but again, I am not positive, there was some reference to the briefings of the Congress hadn't gone well, and there were discrepancies or more questions were raised than answered, and there was a problem of some sort, oh, and that at the, I think at the end of the meeting, but I am not sure, he had just come back from a meeting across the street.

?

Q In the West Wing?

A In the West Wing of the White House. He mentioned that he had asked, he had said to the Attorney General or asked the Attorney General, "Can I have" or "Will I have 24 or 48 hours" -- he didn't say both, he said one or the other. I can't recall whether he said 24 or 48, but he asked for that.

And he told me that the Attorney General had said something like that he didn't know whether he could have thatmuch time, something like that. Again, I am not quoting.

Q Did Ollie tell you with whom he had met across the street at the West Wing? I take it he mentioned the Attorney

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General.

A. I don't think he mentioned anyone else specifically. I don't recall, he may have, but I don't recall.

Q You do recall the Attorney General?

A Yes. As the person that he had talked to and had this remark, I think at the end, but I am not positive.

Q Did you understand he had just come from seeing the Attorney General at the West Wing, in the West Wing?

A That was my understanding from the fact he had just come from a meeting, from one of the usual meetings of principals, I believe. I would believe Poindexter was there, but I don't know that, and that -- so from what he told me, it was my understanding that the Attorney General was at that meeting that he had just attended.

Q Did he explain at all what he meant by the time has arrived, whatever, for North to be the scapegoat? Did he explain what he meant?

A No.

Q Did you understand him to be referring to an agreement having been reached he would take the blame for something? I am telling you how I interpret it.

A I interpreted it, I guess, similarly, that from what he was obviously engaged in, that it was -- let me back up for a minute.

Q Sure.

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A I have, from my own reference, categorized phase one, two and three in this damage control operation from the leak we started with, phase one being no comment/deny, no comment, where possible, some sort of cryptic, artful truth, where possible, deny it if there's no other way, but to protect the compartment. This had been done in the past when there had been leaks on the fringes.

I think there was a Jack Anderson column at some point in the past, and that same policy had worked in the past, and the press interest died down and went away. Phase one included, though, preparation of the chronology and the development of testimony for what I have since called phase two, which was briefing of the Congress and ultimately the people on what could be briefed to them about the compartment, if it became necessary to go from phase one to phase two.

Phase three is what I believed we were now in, which was termination of the compartment.

Q And termination of the compartment, including getting rid of all the documents related to the compartment?

A All the sensitive, all the inner boxes, not the total box, that had already been briefed to the Congress, but the sensitive material within the box within the box within the box, however far it went.

Q What did you understand -- what do you mean by the inner box? What was the sensitive material you understood had to be disposed of?

A That was never clear to me, and I erred on the side of my own sanitization of records and assuming that something might be in the box or point to the box and lead to the box and, therefore, ought not to be around, but included some sensitive things that we can't go into right now, but basically anything that would lead to possible loss of life, the hostages would be killed or some of the intermediaries we were dealing with in Iran might be killed from their side, possible widespread killings of Americans overseas, as we had had at the Pakistani Embassy being burned after the rumors spread that the U.S. Government had perpetrated the seizure of the mosque in Mecca back in, whatever year that was, but those sorts of things.

Q Did you understand that anything relating to the use of proceeds from Iran for the contras was also something that had to be gotten rid of?

A Certainly. It was my belief if that came out, the Ayatollah had been stung and that he was unknowingly funding the contras, that seemed to me to be something that would lead to the deaths of the hostages.

Q What was in your file that you had handed over to Colonel North on that Friday, November 24?

A I have only been able to recall a few of the documents in there.

Q Tell us what you recall.

A One is what I have already talked to, the long paper, several pages that had the parts list and prices on it, anything associated with prices and parts.

Q That is the long paper list you have described earlier in your testimony today?

A Yes. I have at least one copy of that in there. Let me think now. There is a couple others -- I think the operations order for the McFarlane trip and all of the material associated with that, such as the contingency press guidance in terms of reference, all of those sorts of things whereby duplicate copy or working copy was in my file.

Q Were there PROF messages in your file?

A I don't recall. It's quite likely there were relevant PROF notes on that subject that I would have filed in there to be with all of the sensitive Iran stuff, but I don't recall any one specifically.

Q We haven't discussed it yet at this deposition, but when I talk about the KL-43 machine, do you know what I mean?

A Yes.

Q That was a special device you had in there too, is that right?

A Yes.

Q Although we haven't hit the subject yet, you

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communicated on that machine from time to time to Bob Dutton and others involved with the Democracy, Inc. contra operation down south, correct?

A As well as on the Iran project.

Q That you have answered. Did you have ~~R~~KL-43 transcribed messages in your file that you handed over to North?

A My answer would be the same as for the PROF list. I can't recall a specific one, but it's entirely possible there could have been some that were relevant. I don't recall.

Q Did you understand what North intended to do with your file documents once you gave the documents to him?

A It was my understanding, from all that I heard and was observing, they were going to be destroyed.

Q Was there any shredding in progress in Suite 302 at that time when you brought your file down to North that you observed, any shredding that you observed?

A I don't think so.

Q Who else was in the suite at that time?

A The suite or the office, Ollie's office?

Q Let's start with Ollie's office. I understood that was you and Ollie. Is that correct?

A Correct.

Q Was Fawn Hall at work at that time? The best you

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can remember.

A I would assume so, but I don't recall.

Q How about Barbara Brown? You don't specifically recall?

A No.

Q How about Coy, was he at work? You don't specifically recall?

A No.

Q All right. Tell us what happened, continuing on this same day after you handed your files over to North. Did he tell you to do anything more?

A Basically, the conversation ended.

Q What did you do?

A I went back upstairs to my office and started to review my files to see if there were any other things besides the document or file that I had just handed to Colonel North that would either compromise that which I believe was being destroyed or lead to that, point to that, and, like I say, it is a little unclear to me what exactly to look for, so I erred on the side of destruction.

Q Did you find documents at that time?

A Yes.

Q What did you do with them?

A I either ripped them up and put them in my burn bag or if -- I know on at least one occasion I shredded some

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documents. I don't know if it was that day. It was probably that day.

Q Did you have a shredder upstairs, or was the only shredder on the first floor?

A The only shredder was downstairs.

Q Do you recall seeing any shredding in process that day on the first floor in which North and/or Fawn Hall were involved?

A The only recollection that I have is, I have an image of Fawn standing in front of the shredder with a pile of documents. That's the only one I specifically have.

Q Was there a day during this period when you remember handing her documents to shred or being given documents to hand to Fawn Hall to shred?

A I am not sure it was this timeframe or a merger of an earlier memory months before that has migrated into the same timeframe of I think Colonel North going through some documents, and I was on the way out of the office, handing me the documents and saying, "Would you stick those in the shredder for me on the way out?" But I don't know for sure that it was in this timeframe.

Q Do you know whether any documents were altered on Friday, November 21?

A No.

Q Do you know whether any documents were altered on

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any day prior to that day?

A No.

Q How about any day after that day?

A No.

Q If they were, you weren't involved in it, is that correct?

A Correct.

Q Do you know on the 21, when the file disposition was in progress, that the Attorney General was planning to come in by the next day?

A No.

Q But --

A On Friday?

Q Yes.

A I knew the request, if you will, and I don't recall whether it was 24 or 48 hours, but there was a sense of urgency about that, not knowing how much time was available. At some point later in the day, I got a call from Paul Thompson, who advised me that some team or other, some people from the Justice Department, would be coming over sometime on the weekend, and it was unspecified when, but he was just alerting us we had to be available on call to come in and open up the office whenever this might occur.

Q But even earlier, before that call from Thompson, you understood from North's comment to you that sometime very soon the Attorney General's people were planning to come over?

A Yes. It was unclear whether it was going to be Saturday, Sunday, Monday, or exactly when.

Q You understood that by the time you started disposing of the files?

A Yes.

Q Anything more on Friday?

A Not that I can recall at the moment.

Q When you left the office Friday, do you recall whether Colonel North and Fawn Hall still were there?

A I think when I left the office, that only Colonel North was there, but I am not positive of that.

Q The next morning is Saturday, November 22. Did you go to work that morning?

A I got a call from, I believe, White House Signal, but I am not sure now whether it was Paul Thompson calling me or whether a message was relayed through the White House Signal, but somebody called me to say "Come and open up the office," that Colonel North wasn't available, couldn't be found. So I went in and opened up the office.

Q Just let me ask you. Back on the 21st -- do you know Tom Green?

A Yes.

Q Did he come to Suite 302 on Friday, the 21st, before you left?

A Not that I recall. He may have, but that I recall.

Q. Now we are back on Saturday morning. You get a contact from White House Signal, et cetera. Do you go to 302 and open up?

A I recall driving through the gate and parking on the street between OEOB and the West Wing. I wasn't sure whether I ought to go up to Paul Thompson's office or over to Paul's office. I recall considering that, but I don't recall what my solution to the dilemma was. I went to one of the two places first. I do recall I did eventually, either directly or secondly, go to the office and open it up.

Q You were the first guy to arrive at 302 that morning?

A Yes.

Q Now, do you remember, were files laid out when you opened the office up?

A This is another one that I cannot recall, whether the circular table in front of Colonel North's desk had files on it at that point when I got there or whether it was empty and I added all the files for them to review.

Q In any event, the table you are referring to -- which I imagine you are going to tell me, the AG representatives reviewed documents, right?

A Yes.

Q That on Exhibit 2 is the table marked "conference table" in North's office, right?

A - Correct.

Q Okay. Did the Attorney General's people arrive next or someone before them?

A At some point, I am not sure exactly how much later, but I think what happened next was that Paul Thompson brought over two representatives from the Department of Justice, Bradford Reynolds, and I think his name is John Richardson, introduced me, said they were there to look at files on the Iran project, and then I think Paul Thompson left.

Q And Richardson and Reynolds started their review?

A Correct.

Q Do you recall their asking you for any specific documents, files?

A I recall that they asked for more documents, or maybe all of them. If the table was empty, they asked for all the documents; if the table had some of them arranged, they asked for more. I recall going behind Colonel North's desk into this credenza and going thorugh files in his desk into this credenza pulling them out and looking at the subject title to see if they were relevant and putting some of them that were I believe relevant onto the table for their review.

[redacted]

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So I looked through all those documents behind Colonel North's desk, I couldn't find them. I will go into that more if you want. They were subsequently found.

Q Where did you find them?

A I didn't find them, Colonel North found them. When he came in, I told him of their request for them.

Q Now, Richardson and Reynolds were in Colonel North's office, you were in there with them?

A Initially, I was in there looking for the files in the credenza, and I also from his desk placed a call to him to let him know that I was in his office and the people were there, and to see if he had gotten the call and was en route, and he had said, yes, he had gotten the call, and he would be there in a while. I am not sure exactly how much later, an hour, or maybe two hours later.

Q That was the substance of your conversation with him?

A Yes.

Q He arrived next at 302. Was he the next person to come in?

A No.

Q Who came next?

A The next thing that happened is that they left to go to lunch with the Attorney General. On their way out, in the passageway, they ran into Colonel North coming in.

They had a brief conversation in the hallway, and then Colonel North came into the office.

Q Did you overhear their conversation?

A No. I observed it, I was on my way out and saw them down there talking to Colonel North. So I never got out of the office when Colonel North arrived.

Q North came into the office?

A I told him of the request of the tea[redacted] [redacted] He said he didn't know where they were filed and started looking around, and apparently found them. I am not sure that he found them while I was still there or while I was on the same floor with him. My recollection is when Richardson and Brad Reynolds returned, there was a file, an empty file folder on the desk that had not been there before that Bradford Reynolds held up and said, "Now, that is very sensitive," because it was empty, and I couldn't explain why it was sensitive.

Q We get protection of documents like that from the White House all the time.

A Colonel North was out of the office at that time. When he returned, he explained they had been filed in one of these files over here.

Q In front of Barbara Brown's desk?

A Yes, and had taken them and put them with [redacted]

[redacted]

Q Before the AG team came back, did you and North have any conversation apart from talking about [redacted]

A Not that I can recall the substance of, although there were a couple little parts that I recall before the AG's teams -- before they returned.

Colonel North continued to review documents, and I think found others that were suitable for the category that we had been looking for the day before.

Q Termination?

A Termination.

MR. LEON: Where was he looking for those, among the files they had just reviewed?

THE WITNESS: I don't think so, but I am not positive. I think it was other files back on his desk. I am not sure where -- oh, and one of the things he told me when he first came in was that the shredder had broken the night before, because I reached up to turn it on, and sure enough, it wasn't working. Then when he was compiling material --

BY MR. BELNICK:

Q Can I stop you there for a second, Bob? Was the shredder bag full?

A I don't recall.

Q Was the machine the kind of machine you could see the bag, or would you have to open it? Was the bag visible?

A I think it was.

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Q It didn't work. Did he ask you to find a working shredder?

A He didn't ask me. I intuited it from what he was doing. I told him I was going across the hall to CMC where I knew they had a shredder and see if we could get in there. The door was locked, so I couldn't get in. And at some point -- the recollection that I had, rather than speculate how we get to it, is of Colonel North with a file and a stack of documents that I knew from all of this were to be shredded, had Paul Thompson standing beside him and in some way a reference to going over to the sift room with a hefting of the documents -- I am not exactly sure what, but I knew what he meant, and I don't know what Thompson knew or inferred from that.

Q Did Ollie have the documents he was carrying in folders?

A I think it was one folder with a bunch of papers in them, but I am not sure.

Q Do you know what kinds of papers they were? You say they were the kind that qualified for the Termination Department. Do you remember -- what were they, PROF messages, something else?

A I don't know.

MR. LEON: This kind of folder?

MR. BELNICK: The record can't see that.

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MR. LEON: Accordian-type folder.

THE WITNESS: I don't recall whether it was accordian or the kind that doesn't have sides on it, just a manila folder open. It could have been either.

BY MR. BELNICK:

Q Did Colonel North and Thompson walk toward the West Wing together?

A I am not sure. I think they did.

Q In any event, they weren't there when the AG team returned?

A That is right. I was alone.

Q The AG team came back, said hello, and they started to do that good work again?

A And asked about the new folder without any documents in it.

Q Other than that, it was the same as the morning had been, more exciting review?

A At some point, Colonel North came back. I don't know which one it was, Reynolds or Richardson, told Colonel North the Attorney General would like to speak to him. So Colonel North called the Attorney General.

Q In his office, from his office?

A Yes. He was sitting back there talking to him. I believe it was to him. He called him sir, and were arranging for a meeting the next day. What I heard from Colonel North's end of the conversation is that he wanted to take his family to church in the morning. I think they settled on a time in the afternoon. I don't recall the time.

Q Did anything else happen that you recall before you left the office, apart from the AG people continuing their review, anything said, anything that you heard or saw?

A Not that I can recall right now. I don't think so.

Q Were the Attorney General's representatives, as you observed them, dead-pan as they observed the documents? Did they show happiness, glee, tears from what you saw?

A No.

Q Did they leave before anyone else?

A Yes.

Q About what time?

A Mid afternoon.

Q North and the AG were there when you left?

A Yes.

Q Did you speak to North again before Monday?

A No.

Q Did you speak to anyone about this subject matter before Monday, from the time you left the office on Saturday?

A No, I don't think so.

Q So the next day when something happens, if I am correct, that involves this matter and you is Monday, November 24?

A I believe so, yes.

Q You go to work, 302?

A Right.

Q And what happens?

A I am not sure when Colonel North came in. I think, for whatever reason, he was a little later than normal that day. In any case, when I first saw him in his office, I asked him how it went yesterday, the day before, with the Attorney General. And he said that they had talked about this document and directed my --

Q You are pointing to Exhibit 3 when you say "this document"?

A Yes. He pointed out to me the paragraph --

Q With the "N" --

A No, the 12 million.

Q That is on N-594, correct?

A Yes.

Q He was holding this document.

A Well, I am not sure whether he handed it to me folded back or whether he handed it to me -- I started to page through it.

Q He gave you the document?

A Yes. So that I saw this paragraph.

Q The paragraph which begins "$12 million will be used to purchase critically needed supplies for the Nicaraguan

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Democratic Resistance forces", et cetera?

A Yes.

Q What did he say when he directed your attention to that paragraph?

A Again, my memory is only little bits and pieces of this thing. At some point, he talked about parts of his meeting with the Attorney General the day before, which I remember that there were more than the Attorney General present, there were several people present. He also mentioned at least one of them was an FBI agent, although I don't know how he knew that or why. They had talked for, I think, a couple of hours, and at the end that they had shown this document to him and asked him about it and that when he had acknowledged this paragraph in question that there was a sigh from the assembled people.

Q What do you mean when he had acknowledged it?

A That he had started talking about it or telling them about it.

Q Did he indicate to you how it happened that this document hadn't been destroyed?

A No.

Q Did he say in words or in substance that he had missed this one?

A I don't know whether he said that or not.

Q Do you have any recollection of that?

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A No, I don't. I mean, that was my inference from the situation, but I don't recall it being said.

Q Do you have any recollection of whether he said he had made a comment to the Attorney General about his Miranda warnings or his rights?

A Yes. He said at the end -- when they talked apparently some detail more about this episode, Colonel North apparently turned to the group or to the Attorney General and said something, again I am not quoting exactly, but just the thrust of it was since you didn't warn me of my rights or because -- well, I am not sure of his words. I will just say since you didn't mention my rights or warn me of my rights, does this count?

A Now, your conversation with North, the one that you have just been describing where he shows you the document and tells you about his discussion with the AG people on Sunday, anything more? Did he tell you what was going to happen, did he ask you to do something?

A Not that I can recall, no. He seemed to me unclear what was going to happen.

Q Did he appear agitated or upset?

A No.

Q Did he ask you to take any action of any kind?

A Not that I can recall.

Q Did anything else happen that day that you recall that relates to this matter we are discussing?

A. This is Monday.

Q This is Monday, the 24th.

A Not that I am recalling right now. I might remember something later.

Q We are getting near the end of my allotted time for today, and I would like to finish up if we can this week. November 25, that is the day of the Attorney General's press conference. Did you go to work that day?

A Yes.

Q And did you have any conversations with North before the press conference that you remember?

A Let's see -- well, again -- let me give you the pieces I can recall.

Q Give me your memory of the day.

A There was discussion of a press conference coming up, the time wasn't certain. I think it was first scheduled for 11:00 and slipped to 12:00, and from 12:00 it was delayed. We knew there was going to be a press conference. I knew prior to the press conference Colonel North had submitted his resignation on a PROF note to Admiral Poindexter, and prior to the press conference Admiral Poindexter's resignation came through on a PROF note to all of the NSC staff --

Q You watched --

A I think on either that morning or the morning before Monday, and I am not sure which, Monday or Tuesday morning, Colonel North called both Lieutenant Commander Coy and me into his office to say that from now on that we would be dealing with the, really the compartment, the Iran hostage project, Lieutenant Commander Coy and I would no longer be working it.

Q You watched the press conference?

A I didn't catch the beginning of it. I had occasion to -- I wasn't going to sit there and wait for it to come on, so I was in my office doing work and had occasion to go downstairs and was surpised everyone in Colonel North's office was watching the press conference. Nobody had given me a yell. I am not sure when I came in on that. I think I missed all of the President's part of it, but I may have caught the tail end, I am not sure.

In any case, I go in and watch some of the press conference, and at some point, the buzzer sounds outside, indicating someone wanting to get in, and Tom Green arrives, comes in, and Colonel North asks if he could have some time with Tom Green. And so all of the rest of us who were watching the press conference leave Colonel North's office, and I think most of us went upstairs, although I am not sure everyone made it, the phone may have been ringing, and someone may have answered the phone and came up later and left.

Q Upstairs there was another television?

A Right. On the table opposite Lieutenant Commander Coy's office.

Q You hear the Attorney General's announcement -- you are watching television on the table outside Coy's office, Coy is there.

A Craig Coy is at his desk, and I am in the chair.

Q Was there any conversation you remember during the Attorney General's press conference or right after his announcement?

A At some point, either when the Attorney General mentioned the diversion or at the end of the press conference, or, I am not sure exactly when, Lieutenant Commander Coy asked me or said that he didn't know about that, did I know about it? It being the diversion. I was sitting in front of him, so that he was behind me, and I just continued to look at the TV set and did not answer the question.

Q Now, anything else, any other conversation connected to the press conference at the time you were watching it or immediately after it ended? If not, then I am going to ask you --

A I don't think so.

Q Just give us, because the time is arriving, what else you recall about that day, the 25th, that is relevant here subsequent to the press conference. Is that the day that you have the conversation later in the afternoon with

Colonel North at the top of the stairs?

A - It's either that day or the next day, I am not sure which. I think on both days Colonel North was, at least for the afternoon of that day and certainly the next day, was gone from the office most of the day. For example, on Tuesday morning, he came in and left, I think, to go to Tom Green's office and then came back at night. So it's one of the two nights he came back to pick up his briefcase and things prior to going home.

Q Apart from the conversation concerning the President's call, which may have taken place on the 24th, leaving that aside, is there anything else that you are about that day that pertains to what we are talking about here?

A I am sorry, which day?

Q The day of the press conference, the 25th. I am sorry, I may have said the 24th, I mean the 25th.

A The NSC security changed the combination on the office. If you want to know more about that --

(Witness conferring with his counsel.)

THE WITNESS: I am not sure of the day again, either that day or the next day, Fawn Hall came up into my office with some documents and asked if I would take them out.

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BY MR. BELNICK:

Q Tell us about that. This is either on November 25 or November 26, right?

A Correct.

Q Tell us everything you recall about that event.

A She came into my office, had some documents, asked if I would take them out. I took them, and I think I folded them and put them in my suit coat, which was hanging up on the wall, and she left. Sometime after she came back and said that she couldn't have me do that or she didn't want me to do that, she asked for them back, so I handed them back to her or went over to my suit coat, took them out, handed them to her, and she proceeded to begin to conceal them on her person.

after?

Q Where were the two of you? In your office?

A In my office.

Q Upstairs in 302?

A Right. In front of my desk.

So with her doing that, I walked out so as not to be present while she --

Q I understand.

Then did she ask you to see if you could see any of the documents?

A Yes. She asked if I could see anything. I think she did a turn, and I couldn't see anything.

Q And then what happened?

A She left my office and ultimately left the suite.

I am not sure whether it was direct or an intervening period. I think she left before I did.

Q Did you look at what the documents were when she handed them to you?

A No.

Q Could you tell whether they were PROF notes or what they were?

A No, I don't recall what they were.

Q Did she tell you why she wanted them out of the office?

A No.

Q Did you have any understanding why she wanted them out?

A My understanding was that that was the only way she could get them out. One of us would have to carry them out.

Q Did she tell you whether she had been asked by North to get them out of the office?

A I don't recall that she did, no.

Q Has she ever told you why she wanted those documents out of the office?

A No.

Q Has anyone ever told you that?

A No.

Q In any event, as far as you know, she took them out of the office?

A- As far as I know, she did. I do not know that she did.

Q Did North show up at the office during this period, during the day that this was occurring?

A The two nights in question are confused to me, and I can't differentiate either one. But I think I have a recollection that at least one one of those nights the two of them walked out together, but I am not positive of that.

Q Was it a night when she had the documents secreted on her?

A I don't know. It could have been the other night or the same night. I don't know.

Q Was she very agitated when she came to you with the documents?

A Yes.

Q Did she say anything to you aside from "Take these and get them out of here"?

A She may have, but I don't recall.

Q And you didn't look at the documents?

A No, I did not.

Q How many documents would you say there were?

A I don't know. I would guess half a dozen.

Q Six?

A Yes.

Q Where were we?

A The number of documents, and I don't know the number, my guess would be about six, but that's a very rough guess. It could be quite a few more, but maybe only two or three. I just don't recall.

Q In any event, the way it ended, as far as you remember today, is that she left your room with the documents on her?

A Yes.

Q And at some point left Suite 302?

A Yes.

Q Did she ever tell you any time whether she had delivered those documents to North?

A I don't think so. I had heard that, but I think my hearing of that is since November. Whether it's the press or -- what you are saying is not unfamiliar to me, but I don't think it's from the period we are talking about. I think it's subsequent knowledge.

Q Subsequent to, using a term we have adopted, North ceasing to be employed at the NSC staff, did he ask you to take any documents out for him or to terminate any other documents?

A No.

Q Did you and Fawn Hall have a conversation subsequent to the event you have just described involving the removal of the documents in which you agreed not to discuss what had happened with anybody?

A We had -- one of the nights -- let's see, what night was that? Friday -- walked out together, and our cars were parked in the same garage, and we had a conversation in the garage that I have repressed almost totally. I cannot recall almost anything from that conversation. I can recall at the end of the conversation wondering whether I had crossed the line that I perhaps shouldn't have or whether in her agitation she had misinterpreted what I said, and I was worried -- I asked her if you get a question, did you prepare your testimony or did anybody help you with your testimony or your statement as to that, I asked her that, and she said no, that she didn't know what the answer to that was, and so I said no.

Q That would be an outstanding answer. Does anything else about that conversation creep back in now?

A I recall her being very agitated and excited, and I recall that I was worried about her, her emotional state, and I was trying to console her and to help her and to get her back in control. But we were both concerned about everything that had happened.

Q Sure.

A And what we were going to do and knowing that we had interviews coming up and not knowing what could be shared and shouldn't be.

Q When is the last time you have spoken to Ollie about these matters?

A About these matters?

Q I know you see him from time to time, I would imagine, at Marine Headquarters. I am not interested in your considerations unless they pertain to this.

A No.

Q When is the last time you spoke to him about any of these matters?

A I think -- I don't think Colonel North was there on Friday.

Q That is the day after Thanksgiving.

A The day after Thanksgiving.

Q How about over that weekend?

A I don't think so. I think the last time that I am recalling right now was the day before Thanksgiving, which was the Wednesday.

Q When you had the conversation -- when you may have had the conversation at the top of the stairs?

A If that was the day, but he certainly came back that night. So if that wasn't the night, even if the conversation at the top of the stairs was the night before, I would have seen him on Tuesday.

Q Tuesday or Wednesday?

A Sorry. If it was Tuesday, the conversation at the top of the stairs, I still would have seen him on Wednesday.

Q - The day before Thanksgiving, 1986?

A Correct.

Q That, as you recall it, was the last time you spoke to him about any of the matters we have been discussing today?

A Yes.

Q Let me ask you one other question, because I know you have to go, and you have been very patient. Do you remember there was a restricted interagency group on Central America that Elliott Abrams chaired?

A Yes.

Q Did you attend meetings of that group from time to time?

A There were several groups, and I am not sure as to the nomenclature which was a RIG, which was a SIG.

Q Which was a IG --

A Which was an IG. I know I was not allowed to attend one of the meetings when I tried to go in Colonel North's place. I had called General Abrams' office to see if it was acceptable for me to be a substitute, he was not able to return my call. I went down to the situation room to fill in, if that was advisable, for Colonel North, which I tried to do on anything that he was doing, and was told by Elliott Abrams no substitutes.

Q Principals only?

A Principals only. So I left.

Q Did he tell you also or did someone tell you on that occasion they were going to discuss that "sensitive subject"?

A I heard that. That's ringing a bell, but I am not sure who said it or what.

Q Did you understand what the subject was?

A No.

Q Do you remember a meeting of IG, RIG, SIG, of some alphabetical thing that rhymes with IG, on Monday, November 24, the day that North told you about his conversation with the Attorney General?

A Yes, there was one, whatever group it was, in Colonel North's office, and I recall Elliott Abrams coming to that meeting. I did not attend the meeting.

Q You don't know what the discussion was at that meeting?

A No.

MR. EGGLESTON: I will just take a second.

BY MR. EGGLESTON:

Q This pricing sheet that you told us about, did you work with anyone at the Central Intelligence Agency on the pricing issue during the summer of 1986?

A After the May shipment.

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Q You had said that you thought even after the shipment, you continued to have dealings and --

A There was a meeting after the Tehran trip and the transfer of that package, I have forgotten the number now, 240. Basically, the 240. I recall meeting at CIA Headquarters sometime after that, which would have lead up to the Jacobsen release, at which a pricing was a subject, and we even had a calculator, and so I was doing some math at that meeting, yes.

Q Did your sheets which showed the price differential between the CIA, DOD price and the Iranian price, or at least the 3.7 differentiation you have talked about, were those used during the course of the meeting?

A I think, I am not sure, but I think I had my copies of that, but those would not have been on the table as a discussion item for all assembled. It's my recollection, not being sure who all was in the inner boxes in that meeting, and I think, for example, Nir was not to know some of the details of that particular calculation.

So, no, it was not used generally by this group. It was dealing with logistics matters and including in part the pricing.

Q Do you know anyone at the CIA who was within that inner box on the pricing?

A No, I do not.

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BY MR. BELNICK:

Q. One other quick thing, then we will pick a day. Do you recall attending a meeting on August 12, 1986, in Don Gregg's office, Burkhardt was present, Ambassador Coor, William Walker from the State Department --

A Yes.

Q Can you just tell us everything that you recall about that meeting?

A It was a meeting -- and I am not sure who initiated it, whether it was Ambassador Coor or Don Gregg, but it seemed to be a follow-up meeting to a meeting several days before that Don Gregg had with Felix Rodriguez, in which he asked me to come down to hear what Felix had to say, since Colonel North was out of the building or out of the country, not available, and that meeting discussed the problem, if you will, I think, that was raised by Felix Rodriguez, which concerned the interim period between when the support that was currently being provided by various means and the transition to when the CIA would begin their support, and some problem with the aircraft that were down there in the current scenario and misunderstanding between [redacted] on the one side and others as to who owned the aircraft, whether they belonged to the contras or whether they were merely in support of the contras and what would happen to those aircraft once the CIA support began.

Q Did Gregg mention any other complaints by Rodriguez at that August 12 meeting that you attended, or concerns, complaints?

Let me be more narrow, because we are at that time. Specifically, did Gregg mention that Rodriguez was concerned about the guys who were involved in the support operation for the contras, that those people included Tom Clines and others who had been associated with Wilson Temple and were a bad bunch? Did Gregg mention that?

A That was mentioned in one of the two meetings.

Q You were at the meeting with Gregg and Rodriguez?

A Yes. I thought I said that.

Q I am talking about the 12. Was it mentioned at the 12?

A I think so, but I am not positive, and the reason I think so was the CIA representative, and I know --

A [redacted]

A Yes. Expressed some problems with the Cuban-American community in that interface and that there were bad characters in certain parts of this that were on the fringes in supporting the contras and that this was a problem, that there were bad characters on the fringes.

Q Let's go back to the meeting that was four days earlier, on the 8th, when Gregg asked you to come down and hear Rodriguez's complaints. You knew at that time that

Rodriguez was in touch with North on various matters relating to contra support.

A I knew from I think the day before, or two days before, whenever Colonel North left, just prior to when that meeting was going to be held, he knew that there was, that Felix Rodriguez was coming into town and that Don Gregg wanted him, Colonel North, to see him together, I think, I am not positive of this. In any case, there was an occasion that the name Felix Rodriguez/Max Gomez was raised in that I think I knew I was going to have to sit in for Ollie at that meeting.

So I asked who the hell is Felix Rodriguez? And he gave me a little bit of background.

Q This is Ollie?

A Colonel North, yes. About his Vietnam background and that. I think something about having insinuated himself into this support mechanism between the support mechanism to the contras and [redacted] but that he wasn't officially in there, and he was causing problems, something like that.

Q Did you understand the support mechanism to be part of Democracy, Inc.?

A Yes.

Q And did Ollie tell you that he had worked to some extent with Max Gomez/Felix on this support operation? You

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knew Ollie was working with Democracy, Inc. on the operation?

A- Yes.

Q Did Ollie tell you thathe had been giving instructions to Rodriguez?

A I don't think so. I think it was merely this reference that Rodriguez had insinuated himself into the organization and was giving rudder orders, and it was not his place to do so.

Q But Gregg had wanted North to be in on the meeting with him and Rodriguez, correct?

A Yes.

Q North couldn't be there, so he sent you?

A Yes.

Q You went?

A Yes.

Q There were the three of you there, Gregg, Rodriguez and you?

A I am not sure if Sam Watson sat in on that or not.

Q Sam Watson was the Vice President's aid also?

A He worked for Don Gregg.

Q He may have been there, you don't recall?

A He may have been there, or he may have been at the other one.

Q August 12?

A Yes.

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Q First of all, what did Rodriguez say to Don Gregg, or Watson, if he was there, or you about his relations with North on contra support?

A I am not recalling anything specific.

Q Tell me what you recall about the conversation generally.

A When we have my notes, it will be better.

MR. KIRK: Off the record.

(Discussion off the record.)

BY MR. BELNICK:

Q We don't have the notes of their part of the group at the White House, and, Dennis, I don't know if what you said was on the record, but it is certainly correct, and I will put it on the record, that Colonel Earl does have detailed notes. We don't have the notes here to benefit us or him, and that you have told me that those notes are detailed, and they may very well be detailed on these meetings in August.

So what he is giving us today is subject to correction with those notes. The most you can do is tell us what you recall. If anything changes when you see the notes, that is fine, and it will be perfectly understandable. So with that preface, if that is acceptable to you, Dennis, just tell us, and then we will get you out of this hot room, what you recall about the meeting with Gregg and Rodriguez and perhaps

Watson on August 8, 1986.

A. Rodriguez was relaying his version of the problem that had arisen, there was some problem between [redacted] [redacted] and Democracy, Inc., the people providing the air support to the contras. Rodriguez released it was [redacted] understanding the aircraft belonged to the contras, whereas they, [redacted] and I think the contras were being told by the Democracy, Inc. people when their operation terminated, they would be taking the aircraft.

So there was mutual escalation of threats and counter-threats between these two parties, and Felix was asserting that one of his, one of [redacted] would have to accompany every flight to make sure they came back [redacted] so they didn't fly off and never return or that fees would be charged landing rights for every takeoff and landing. There was a mess.

There was a charge of air piracy being pursued by Democracy, Inc. because Felix Rodriguez had appropriated a Democracy aircraft, unauthorized through the mayor of Miami, to a meeting in [redacted] I am not sure. Let's hope my notes can sort it out a little better. That is what I recall.

Q When Felix was saying the Democracy, Inc. was asserting the plane belonged to them, who was making the assertion, Secord, Dutton, both?

A I don't know. We'll have to look at my notes. There may be a point where there's reference to Rafael somebody who I didn't know, I wasn't sure.

Q It is late. We don't have your notes.

One other question: When North told you about Rodriguez, before he left, did he tell you that he had a confrontation with Rodriguez two months earlier with Dutton present about problems with the supply operation?

A Not that I recall. He may have. I don't recall it. The recollection that I have is that Colonel North didn't think very highly of --

Q Gomez/Rodriguez?

A Yes.

MR. BELNICK: Before you think the same of me, thank you for your cooperation. We appreciate it.

(Whereupon, at 6:30 p.m., the deposition in the above-entitled matter was concluded.)

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:g-end

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Stenographic Transcript of UNCLASSIFIED

HEARINGS

ORIGINAL

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

CONTINUED TESTIMONY OF ROBERT LAWSON EARL

Friday, May 15, 1987

Partially Declassified/Released on 5-27-87
under provisions of E.O. 12356
by B. Reger, National Security Council

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Washington, D.C.

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CONTINUED TESTIMONY OF ROBERT LAWSON EARL

Friday, May 15, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan
Opposition
Washington, D. C.

Continued deposition of ROBERT LAWSON EARL, called as a witness by counsel for the Senate Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 9:46 a.m., the witness having been previously duly sworn, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

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APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

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VICTORIA NOURSE, ESQ.

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Deputy Chief Minority Counsel

On behalf of the Witness:

DENNIS DEAN KIRK, ESQ.

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PROCEEDINGS

Whereupon,

ROBERT LAWSON EARL,

called as a witness by counsel for the Senate Select Committee, having been previously duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. BELNICK: (Resuming)

Q Good morning, Colonel Earl. This is a continuation of your deposition pursuant to the orders that were marked at the last session, and you recognize that you are still under oath.

A Yes, I do.

Q Bob, I have before me copies of notebooks which we have received from the White House and I am told that these are the notebooks that you produced, copies of notebooks that you produced in response to our subpoena and the House's subpoena, and they went to the Independent Counsel and then, as we discussed the last time, to the White House for review to delete certain material that the White House considered irrelevant.

I have copies here. We have entered into an understanding with White House Counsel as to the terms and conditions on which we can use these notebooks at the deposition with you, and I have discussed it with you off the

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record. But let me just put on the record the relevant portion of that understanding.

Specifically, you are not to discuss on the record any extremely sensitive intelligence sources and methods. If any of my questions, in your judgment, call for the disclosure of extremely sensitive intelligence sources and methods or if there is anything in the notes of yours that I show you that reflects same, please ask to go off the record. I'll ask the court reporter to leave, and then we can discuss what the problem is and make sure that you don't name or cite any of those extremely sensitive intelligence sources and methods.

Also, Bob, please avoid disclosing the names of any foreign countries where the disclosure might so embarrass the foreign country involved that it could have an adverse impact on the foreign relations of the United States. If any such matter, in your judgment, arises during the course of this deposition, please ask me to go off the record and again the court reporter will be asked to leave and you can explain your concerns to me and we will work something out appropriately to avoid any such disclosure.

Is that clear?

A Understood.

Q Okay. Let's go right to the notebooks or the copies of them, and let me ask you first was it your practice

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while you were employed on the NSC staff to keep notes on a regular basis of your activities, conversations, meetings and so forth?

A Yes.

Q Would you describe to us for the record how you kept the notes when you made the notes, as a general matter? You kept them in steno notebooks?

A I kept them in some small notebook, wound up with stenographic notebooks that fit conveniently in the pocket so I could have it conveniently with me in the office, out of the office, wherever I was, in order to take notes from a phone call or a conversation or meeting, because I do not have a great memory and I need to make notes to myself.

Q Fine. So these notes were contemporaneous with the events that they recorded?

A Yes.

Q What I'd like to do now is start going through the notes and asking you in most cases to tell me what they mean and see what recollection they trigger. You'll notice that at the bottom of the pages there are handwritten numbers. I'm pointing to one that's numbered 150. I imagine those are numbers which the White House put in, and since we have an agreement right now, the White House or Independent Counsel, I don't know who -- I take it you didn't put those numbers on, right?

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A No.

Q Since part of our agreement that the White House has asked for is that we will not at this point make copies of these notes, we'll use the numbers to refer to those pages and then work out with the White House getting any necessary copies so that the deposition is understandable.

I'm pointing now to an entry from your notebook that I believe is the notebook which covers from the beginning of your work at the NSC Staff in February 1986 into mid-June, and I'm holding the page numbered 150.

I can't tell what date this was written on. It seems to be sometime in March, when I look back at page 153. But the entry says "328-1125 -- Rich Miller", then "Room 170? -- Adolfo Calero." Have I read that correctly?

A Yes.

Q Do you recall what that note refers to?

A No. It doesn't trigger a specific recollection.

Q Who is Rich Miller?

A Rich Miller is an individual who would call for Colonel North or stop by the office to meet with Colonel North on occasion.

Q Do you know what his role was?

A No. At the time -- I have learned a lot since then, so I have to try and differentiate what I know now as opposed to what I knew then. I knew that he would consult

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with Colonel North and that --

Q Let me ask this. Did you know that he was connected with fundraising on behalf of the contras?

A No, I don't think from the bits and pieces that I was able to observe, I don't think that I concluded that at the time. I knew that he was somehow associated with that area of responsibility of Colonel North, meaning keeping abreast of contra activities. But I had no specific knowledge of how he fit into that.

Q Did you learn more about his role prior to the time or by the time that you left the NSC staff, or is it all subsequent to the disclosures in November 1986?

A Well, most of it is subsequent to November. There are some things that just by proximity and being there for nine months that I acquired before that time.

Q Can you give us just a general statement of what you learned before November of '86 about Miller's role, Rich Miller's role, that is?

A Well, one specific recollection is of a piece of paper or a memo that I saw at one point on Colonel North's desk that dealt with a supposed Saudi businessman who was offering money for the contras, and it was some sort of a scam essentially, and Rich Miller and Colonel North had been fooled, I guess, by this particular individual who was posing as a wealthy Saudi.

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So that's one recollection. There's another one later that I think we'll come to, unless it's redacted, and maybe I ought not to mention it to see whether it's redacted or not.

Q Let's see if we come to it. Is the other recollection that you have, though, relating to Rich Miller connected to contras or Iran?

A Yes.

Q Let's go off the record.

(A discussion was held off the record.)

Q Back on the record. The court reporter has returned, Bob. Would you please now tell us what your other recollection relating to Rich Miller is as of this moment?

A Well, I have a recollection that somewhere in my notes, and when we come to it probably more will recur, but there is a reference to, I think, what is a Swiss bank account number for Lake Resources that apparently I was asked to pass to Rich Miller.

Q While we've hit that subject, let me ask you a few questions about it.

A Wait a minute. I'm not sure if that's right. It may have been the other way. It may have been Rich Miller calling me giving me that data, but there's a reference in there that has Rich Miller's name and this account number and stuff. I'm not sure right now which way the information was passed.

Q When we get to it, independent of whatever's in your notes, however, when did you first hear about the Lake Resources account; do you remember? Was it around the time of May?

A Well, I would have guessed after May because there is that reference in the notes. It clearly was at least in the May time frame, but I can't recall anything before May.

Q How did you become aware of it?

A It may be this event that is in the notes of someone, and I'm not sure whether it's Rich Miller giving me the number or Colonel North giving me the number for him, but there was a reference to Lake Resources as being an account that was used for certain purposes. This is a hostage-related event that I am recalling.

Q Prior to the disclosures in November of 1986, did you learn who controlled the Lake Resources account?

A I don't think I ever knew for sure, but from references and bits and pieces my judgment would have been that it was an account that I would associate with what I called Democracy, Incorporated. It was in some way an account that was useful to the private sector people who were supporting the contras.

Q Did you have an understanding before November 1986 of who had authority over that account -- to sign, withdraw, get records?

A No, that was never clear to me.

Q Did you have any authority with respect to that account?

A No.

Q Do you know if Colonel North had signature authority?

A No, I do not know.

Q Do you know if Mr. Secord had such authority?

A I don't think I knew that either.

(Witness conferring with counsel.)

THE WITNESS: That's what I was about to say. I don't think I knew that, but in the context of the arms transactions on the Iran operation, CIA would call me to say that the money had not arrived in their Swiss bank account and would give me their number to make sure that the number had been passed directly, and to inquire why the monies had not shown up. And I would be asked by CIA to confirm that number with either Secord or North so that it would be passed on to whomever.

So that I knew General Secord was involved in that in some way, but it wasn't clear to me that he had signature authority, but that he was in some way involved.

BY MR. BELNICK: (Resuming)

Q What about Mr. Hakim? Did you know whether he was involved with the account and, if so, to what extent or in what capacity?

A I think I knew even less of that. I think I knew that Hakim was a business partner of Secord and that he would sometimes be on the other end of the line in the CP that would be established in whatever capital in Europe that the negotiations happened to be taking place in. And so that I knew from those events that he was part of the party that was involved in negotiations with the Iranian government representatives. But right now those are the only two associations with Hakim that I can recall.

Q Okay, fair enough. Let me take you to another page in the notes. This one is number 148 in the lower righthand corner. It seems to be an entry or series of entries for 22 March 1986. And I'd like you to go down that and let's take it reference by reference so that everyone can follow.

It starts at the top. It says "contra contributions". Does this say "call" or "car"?

A Car.

Q "Car. Rich Miller", and there's a telephone number, [redacted]. Then over on the right it says "Kate". I don't know if it will be easier for you just to look at the whole thing and just go down.

A I think it's better if I put the page in context and then we can go in detail as you need to.

Q Fine. Why don't you take a look at the whole page and put it in context?

A The event that this calls to mind, that I think this refers to --

Q Meaning the whole page?

A The whole page. Let me say no, I think up to this line.

Q Right up to the double line above C.A.T.F. [redacted]

A Well, no, this one does, too.

Q So the whole page generally?

A This one may not. I'm not sure what that one is. Anyway, most of the page certainly, if not all, refers to, I think, if I'm placing this to the event that I am recalling, and on at least one occasion, but I think twice, in my tenure on the NSC staff we would get as a matter of routine from White House correspondence a form letter that the White House had to respond to certain inquiries that would be received in the White House.

This was a form letter that was intended to respond to someone who wrote to the White House and conveyed a desire to contribute to the contra cause for humanitarian purposes and help them. And the form letter had on it at the bottom, after thanking them for the correspondence and applauding the sentiments, made reference to at least, I think there were, two agencies that would qualify as potential sources that the person, if he so chose, could contribute to.

And it seemed to me from the context in which we got this, a routine piece of paper with a buck slip on it, that it was a matter of routine within White House correspondence to periodically review such form letters, that they had to make sure that they were up to date. And so Colonel North was being asked to ensure that the letter was updated and all the information was correct.

It came to me. I don't know whether Fawn sent it to me or Colonel North sent it to me. But I was asked to do the leg work on checking the letter out and I think I asked Colonel North who would be a good person to check with. I think I checked with several people -- one, the State Department; two, the CIA; and, three, Richard Miller -- to give them the names of the two organizations that were on the list to see if they were still in existence and still valid, whether this was an appropriate thing for White House correspondence.

And so this page is listing organizations that from those various sources were coming in as potential nominations to be vetted and ensure that there was no problem with them. And I think by the double circling that I wound up picking that one, the Nicaraguan Humanitarian Foundation, and Friends of the Americas -- yes, that's a one there -- as the two that went into that version of the letter, that the others fell out for whatever reasons, or these were the best candidates to qualify for what that letter was attempting to respond to.

Q Let me ask you a few specific questions, now that you see Rich Miller's name on this entry in the context that you have just described. Do you recall, does that refresh your recollection as to what you may have known about his role in respect of contra fundraising at that time in 1986?

A It suggests -- and I recall -- that he was in some way knowledgeable about all these organizations and that he had some degree of knowledge about this subject.

Q The National Endowment for the Preservation of Liberty is listed in your notes. It says "Spitz Channell PR." Why did that organization fall out at that time, to use your expression?

A I can't recall whether there were specific factors that were addressed in conversations with either Rich Miller or State or CIA people that excluded ones, or the other way of the two leading candidates coming to the fore.

Q Do you recall to whom you spoke at the State Department for information about these organizations?

A No, not specifically, but it's likely that I would have called the Office of Public Diplomacy that was oriented toward the Latin American affairs.

Q The notes on page 148 mention also Rob Owen with a telephone number. Did you know Rob Owen at this time, March 1986?

A I think I did, yes. Yes.

Q And who did you know him to be in respect of these matters?

A I knew that he was a friend of Colonel North and that he, as with Rich Miller, would call or come in to see him on occasion.

Q Did Spitz Channell come into the office on occasion at that time?

A Yes.

Q Do you know what his relationship was with Colonel North?

A No. Again, another person who would call or stop in for a meeting with Colonel North on occasion.

Q Now I want to span not only March but the period through the November '86 disclosures. What was your understanding by November of Rob Owen's role -- anything different than what you just told me?

A Well, from the context of his coming and going and phone calls it seemed to me that Rob Owen was frequently in the region.

Q Central America?

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A Yes. And that he would either have just come from there or be about to go in relation to his either phone calls or visits.

Q Were you aware of any of his check cashing activities on behalf of Colonel North?

A No.

Q Did you know that Colonel North had traveler's checks in the office?

A No.

Q The first you heard about it was watching TV yesterday?

A Yesterday.

Q What about this name -- excuse me. Am I correct that Rob Owen's name is on here because he was also suggested to you as someone to call to check these organizations or one or more of the organizations?

A No. The name would be associated with the director or the leader or the person, the president, the figurehead, someone to have a name associated with the group so that if it did need to be looked into further that you had a point of contact. For example, Friends of the Americas is run by a gentleman by the name of Woody Jenkins, and I guess this group here, the Nicaraguan Development Council --

Q Bosco Madamores and Rob Owen.

A Right, that those were two points of contact. It

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seems -- you know, that's a late entry, but it's twice. In some way that's associated with the FDN.

Q Okay. Let's move down the page. "C.A.T.F. [redacted] DEA." What's this next word?

A Negs, I think.

Q And then it says [redacted] Is C.A.T.F. a reference to the Central American Task Force of the CIA?

A I believe so.

Q And then DEA.

A Drug Enforcement Administration, I would assume. I'm getting no specific recollection off that, but that's how I would interpret that.

Q So you don't recall what that entry refers to?

A No.

Q Were you familiar with the DEA operation relating to the Iran hostages?

A I was aware of one of them. You may be referring to the one that's been so far in the Committee, which was in '85, which was before my time. But there was one in May when I was there that I was involved with, yes.

Q Which we understand to be either a continuation or augmentation of what began in 1985.

A I assume so, too. I didn't know of the '85 iteration of it before.

Q Why don't you tell us -- or perhaps we should wait till we get to notes about that, and we can take it up then.

A Either way.

Q Okay. Let me move to the next page of the notes of yours that I marked, and that's page 140. Why don't you take a look at that page? It seems again to be relating to March 1986.

(Pause.)

You've had a chance to look at page 140, Bob?

A Um-hum.

Q And I'm interested in the information throughout that seems to pertain to Mario Calero and Adolfo Calero. What recollection do these notes trigger in you?

A Not much. Let me just make a general comment that most of these are somebody calling up for North and North, because he was in meetings or out of the country or wherever, that I would be taking a message for someone. So I didn't necessarily have to understand it in order to copy it down in my notebook, that I would at some point get it to Colonel North and it would make sense to him.

Q Do you know who was asking whether the U.S. Government had any evidence of Calero misappropriations?

A No, although it's within the brackets on this one, and this seems to me --

Q You have to read it in because the record won't show it.

A The reference to Space A and some dates triggers a memory, and asking the Pentagon triggers a memory of some groups that had humanitarian aid that they wanted to get into the region, and there was a program -- and I forget the name of the amendment -- but there's a program where military aircraft can be used on a certain basis to fly this material from the United States to Central America.

And I think this gentlemen, Bennett, either had done some flights like that or was asking in this case, so I'm not sure if it's related to that or not.

Q All right. At the bottom of the page you have, it looks like, $700,000.

A $700,000.

Q "Adolfo also uses this account for [redacted] What did that reference mean or who gave you that information? I'll ask both questions. What did it mean and who gave it to you?

A I don't know who gave it to me.

Q And you don't know what it means?

A No. This one's triggering a little bit of a memory.

Q "Conversion 35 percent on black market"?

A That somebody -- that there was some discussion of this as the way that additional monies had been gotten by somebody, because of the black market, that it would go into an account and then be converted at a different rate. And I think either here or later there was some discussion that that was one of the problems associated with NHAO, the Nicaraguan Humanitarian Assistance Office, and that that was one of the closing, tightening of the procedures. That was a lesson learned from this iteration with $27 million that was to be applied in the future to tighten things up.

Q Okay. Fair enough. We'll move to the next page that I have marked, 139. Take a look at the notes there, which also appear to be in the March 1986 time period. It says "Singlaub to meet -- Steele, [redacted] at 10:30 Eastern Standard Time, guidance ? Mike Gimpany runs a company in Arizona that obtains aircraft. To call Ami." Is that Nir?

A That's Nir.

Q "Friction with" --

A "Fixation".

Q "Fixation with proportional response."

A Vice something decisive.

Q Instead of something decisive. I take it those two notes are referring to different things -- the Singlaub note and the Ami note. Let's take the Singlaub note first which also refers to Steele, and I take that to be a reference to Colonel Steele.

A Correct.

Q Do you recall what that note was about?

A No, not specifically, although in general it seemed to me that General Singlaub was calling up on occasion to try and help, that he was wanting to help the contras in some way and would frequently call to just let Colonel North know what he was doing or intending to do, or this seems to me to fit that in some way. I'm not sure whether it's coming from General Singlaub or who it's coming from.

It's possible that this was a note that I took from General Singlaub. Let me read it and see. It doesn't trigger the specific recollection, but that would be my best guess -- that this was a telephone message that I was to pass on to Colonel North from General Singlaub. But I'm not positive.

Q Let's take note two: Call Ami, et cetera -- referring to Nir. Now what's that about?

A Well, that's a note from me to pass to Colonel North to tell him to call Nir.

Q What does the rest of it mean -- "fixation with proportional response instead of something decisive"?

A What time frame was this?

Q March 1986.

A Again I'm not getting a specific recollection, but I'm kind of guessing that it pertains to ongoing discussions of terrorism and responses to terrorism, and that this is a reference to different philosophies on response to terrorist incidents -- the Israeli decisive response as opposed to the U.S. proportional response.

Q This was before you had been briefed into the Iran comparment?

A This is March? That's correct.

Q Page 138 of your notes, I want to refer to a couple of things in there -- not everything. In about the middle of the page, underneath Kopp -- which I take it is a reference to Secord --

A Correct.

Q Underneath Kopp, it says "one month's supply of codes -- [redacted] 43." Now is the [redacted] referred to Jim [redacted]

A I can't remember his first name. If it's Jim, it's Jim.

Q Let's strike the first name. [redacted]

A [redacted] It wasn't clear to me whether he was [redacted] but one of the two.

Q Forty-three refers to the KL-43 machine?

A Right.

Q And what does "one month's supply of codes" mean?

A On a monthly basis [redacted] office would provide our office with codes for the KL-43.

Q Was [redacted] the source of the KL-43 machines originally?

A Yes.

Q How do you know that?

A Originally. I don't know about originally. I know he was the source of the codes. I know also that if we had a problem with a machine, that it would break, that we would call his office and he would replace it.

Q And who had told you to deal with him -- Colonel North or somebody else?

A It's not exactly that clear. There are certain things you acquire knowledge -- you acquire by osmosis being in an office. You walk into the office and there's [redacted] dealing with Fawn and they are doing codes. So no one told you that. But you can gather what the relationship, or part of what the relationship is.

Q Did he come to the office frequently, [redacted]

A No, I wouldn't say frequently.

Q From time to time?

A From time to time.

Q And you associated him with the KL-43 machine?

A Yes.

Q Anything else?

A No, I don't think so.

Q On the same page, 136, "from Rob Owen, Singlaub met with Commandants", et cetera. Does that trigger any recollection?

A Not specifically, but it seems to me it's a phone call from Rob Owen that I'm to pass to Colonel North, that he, Rob Owen, had met with Singlaub or that Singlaub had met with the Commandants, these two Commandants.

Q Of the contras?

A Of the contras.

Q Okay. By the way, are you familiar with either or both of Elizabeth Powell and Elizabeth Thomas? Have you ever heard those names before?

A No, I don't think so.

Q Let me move on to another pages of your notes, 136, and I'm interested solely in the note at the bottom of the page, which says: "Cliff Smith with Spitz' office, extention 4709." Spitz is a reference to Spitz Channell?

A Correct.

Q Who was Cliff Smith?

A He seems to be someone in Spitz' office, from that message. I don't know.

Q Is this a note that indicates Cliff Smith wants to speak to North? Is that how you would read it or remember it?

A It doesn't trigger the specific recollection. But if I were trying to back-brief Colonel North on what had transpired that day I would say that Cliff Smith from Spitz' office called and he's on extension 4709.

Q Page 135 of your notes there's a reference to Austin with a telephone number, [redacted]. Then it says Ellen Garwood, then Wood Jenkins, Friends of Americas, with a telephone number. Did you know who Ellen Garwood was at this time? It appears to be April 1986.

A It's unclear to me whether I knew then or whether it was later that I know. Sometime in the course of my nine months there.

Q What did you learn about Ellen Garwood?

A I believe that Ellen Garwood was a contributor to the contra cause, that she had contributed money.

Q Did you learn how much?

A No.

Q Did you learn for what purpose she was contributing the funds -- that is, what her money was buying?

A No.

Q Did you ever hear what the funds that were raised from private parties was being used for? Did you know they were being used for weapons to some extent?

A That wasn't clear to me.

(Counsel conferring with the witness.)

MR. KIRK: Off the record a second.

(A discussion was held off the record.)

THE WITNESS: I would say it's possible.

BY MR. BELNICK: (Resuming)

Q What's possible?

A It was for that purpose.

Q For weapons?

A I wouldn't exclude it.

Q Did you hear any discussion to that effect in the office?

A No.

Q You just had a view that probably weapons?

A I don't even know whether I'd go that far -- probably as opposed to possible.

Q All right. Let's go to another page in your notes, 223, which again is in April 1986, apparently, and I'm interested in the notes that are bracketed at the top that begin "Rich, Sparkplug". Is that a reference to Calero?

A I've learned that yesterday.

Q You didn't know at the time?

A No.

Q You keep watching the hearings --

A I think I ought to stop because it's confusing my testimony.

Q That's right. I think you ought to stop, too. "Lives in Miami." Then it says: "Cruz?"

A I think that's my own guess, and so I guessed wrong.

Q You guessed that Sparkplug was Cruz?

A Or maybe that's Rich guessing, but that doesn't make sense. I don't know.

Q Leaving that aside --

A It wasn't clear to me who Sparkplug was.

Q Let me read this entry into the record. "Rich". Does that mean it's coming to you from Rich Miller?

A I think so, yes.

Q By then did you know who Rich was and what he was doing, where he was coming up with information all the time about contras?

A Let's go off the record for a minute and then we can put in what is appropriate.

(A discussion was held off the record.)

BY MR. BELNICK: (Resuming)

Q Bob, why don't you put on the record what you just told me off the record concerning the lack of a formal briefing of you into the contra comparment?

A I was never formally briefed into the contra compartment, and at this time I am relaying messages.

Q This is April 1986?

A Correct, for Colonel North that don't necessarily make sense to me. My own categorization of callers would be that from having seen the way Colonel North would respond to a message from that person or seeing that he met with him and dealt with him in a cooperative fashion that I would know by those indicators that this was a person that Colonel North trusted or was in the compartment or in some way more instrumental as opposed to someone that I didn't think was in that category.

Q Rich Miller was in the former category as someone who was either in the compartment or at least Colonel North viewed as helpful or instrumental; correct?

A Yes.

Q So going back to the note on page 133, it says "Rich", so this is information that apparently is coming from Rich Miller and that you're going to pass on to Colonel North, right -- as best you can make it out?

A I think so, yes.

Q And it starts off: "Sparkplug -- lives in Miami. Cruz?" So that, as we have discussed, is either you or Rich guessing that Sparkplug is the name for Cruz.

Then it says: "Clear statement that [redacted] is undercutting him."

A That's [redacted]

Q [redacted]

A I think it is.

Q Undercutting who? [redacted] They spread dissension in the camps when they visited. [redacted]

Now let's stop right there for a moment. What do those notes mean? Do you know what the reference to [redacted] [redacted] undercutting him" -- I guess meaning Sparkplug?

A I believe so, but I'm not positive of that. It seems to me that the message coming from Rich Miller is that -- I'm drawing a blank as to this quote -- who would have been saying that, whether that's supposed to be a quote of Sparkplug or [redacted]. Again, I may have this backwards.

But in general the recollection that it's recalling is that there was some difference in the public diplomacy line between what the State Department was saying from a public diplomacy posture as opposed to what the FDN was saying -- that this was in some way some feedback of a nuance or a difference or a problem in the two philosophies or public diplomacy approaches.

Q Let's go down the same page, 123: "Cr uz [redacted] here tomorrow to meet alone [redacted]one", and the word "alone" is underscored, "with Elliott." Is that a reference to Elliott Abrams, as you recall?

A Yes, I believe it is.

Q [redacted] What does that mean?

(Counsel conferring with the witness.)

A I'm not sure who it's coming from. It may also still be from Rich, although with the line across I'm not positive that whoever is passing along this message -- and I think it's Rich Miller -- is alerting Colonel North that Cruz intended to be in Washington the next day, whatever, the day after to meet alone with Elliott Abrams, and I think whoever the caller is is just speculating that [redacted] there is a problem.

Q On the part of who?

A I don't know.

Q Abrams?

A I don't know. There was a problem within UNO about this time, I believe, between the leadership and Cruz versus Calero versus others, and this may be a reference to that.

Q That's as best you can recall now, anyway, yes?

A Yes.

Q All right. Let's move on to your notes at page 100, which appears to be notes for the 24th of April 1986, and here I believe we're looking at notes that to me refer to the Iran compartment. Why don't you take a look at the page -- this is page 100, 24 April 1986 -- and once you review the notes see what you can tell us about what they mean.

(A brief recess was taken.)

BY MR. BELNICK: (Resuming)

Q Colonel Earl, you've had a chance to look at page 100. Can you tell us what the entry for 24 April 1986 is all about?

A Yes. This is about the time that I was brought into the compartment for the Iran operation, because Colonel North was going to be going to Tehran and needed backup back in Washington. So this, I think this is the notes of a meeting that I believe was held out at CIA headquarters with George Cave, Bert Dunn.

Q Who was Bert Dunn?

A Actually I may have already goofed, but anyway --

Q No, the name is on this record.

A Both of those are DDO people, although George was contract, retired. In fact, all three of them are. [redacted] is also DDO, so they are all potentially under cover. Covers are blown in these things, I guess, routinely.

Q Well, their names are known, but we'll be sensitive with them in any event at the public hearings. Certainly we can take appropriate precautions because we are sensitive to that whole matter.

What's the substance of the meeting, discussed as best you can understand.

A That should have been redacted.

Q The reference to something that should have been redacted, if that was on the record, is to the name of an Iranian, which is here and I will take a pencil and put a circle around it, and certainly if we ask for this page, that name could certainly be reacted from it, although I can tell you it does appear on other documents, although I'm not aware that the name is public.

In any event, from looking at the note on 100, what's the substance of the discussion?

A It's a discussion of the logistics of the HAWK spare parts that have been requested by the Iranians and the CIA, working with their counterparts in the Defense Department, are attempting to fill this order by referring to part numbers, and the fact that some of the parts that have been requested by the Iranians there are problems associated with it.

For example, they may no longer be made and that they have to go to a higher level of assembly in order to satisfy the need for that and you can't buy that specific part any more.

Q All right. Over on the right, midway down the page, it looks as if it says "only $200,000 different". Am I reading that correctly?

A It says that, yes.

Q Was there discussion of pricing at this meeting, as best you now recall?

A Yes, and that refers to this problem that I just started talking about, about either the part is no longer made and you have to go to a higher level of assembly in order to satisfy it and, therefore, there is an increased cost associated with buying a bigger part than you really need in order to get the smaller thing which is now attached or that certain items aren't even made any more and you would have to crank up the assembly line and do it. So this, I think, refers -- well, the arrow points to the higher level of assembly.

So I think that's a specific reference to how much difference there is if we fill that need by going to the higher order of assembly. It increases the total cost of the order by $200,000.

Q Was that the extent of the pricing discussion at this meeting?

A There could well have been other discussions like that on specific parts or --

Q Was there any discussion of marking up the price at that meeting?

A No.

Q You testified last time about the 3.7 factor. Was there any discussion of that at this meeting?

A No, I don't believe so.

Q And as best you now know, the participants were George, Bert, [redacted] and yourself?

A No. There were others.

Q Who?

A If this is the meeting I'm recalling out at CIA -- which I think it is, but I'm not positive --

Q Then tell us who you think was there in addition to those I've named.

A Now wait a minute. I'm starting to confuse meetings. This may be a different meetings, since I've only put those three names at the top. I'm recalling another meeting.

Q Tell us about it, notwithstanding the note and knowing that it may be another meeting. Tell us about the meeting you recall.

A Okay. I'm recalling a ~~meetfng gut~~ meeting out at CIA in about this time frame.

Q April-May '86?

A Yes, at which Colonel North and I attended for the NSC and CIA representatives were -- it was in Clair George's office -- Clair George, Bert Dunn, I believe [redacted] I think [redacted] and I'm not sure whether George Cave was there or not. I think he was.

Q What do you recall at that meeting?

A Well, it was just a general operations briefing, if you will, for the upcoming trip to Tehran and how to fill the request and communications and passports and all the logistics problems. It was operational discussion on how to proceed with this approved mission that we were about to embark on sometime later, it turned out in May.

Q Was there discussion of prices at that meeting?

A I don't believe so, although there may have been some references to the generic problem of differences between what the Iranians had requested as opposed to what we could fill and the incidental pricing implications of that.

Q Bob, moving forward, did there come a time that you became aware of complaints from the Iranian side of the prices being charged for the weapons?

A Yes.

Q When did you first hear of such complaints?

A I can't put a date on it, but it was sometime after May, after the delivery of the first wave of parts, the sampling, if you will -- the pallet or so that went in with the party -- and it may even have been later than that, which was the subsequent delivery of the rest of the parts. But certainly after May, sometime between May and, let's say, October, to put a bound on it at the other end, and I just right now can't put -- although there may be some notes and references that will nail it down more -- that the Iranians had complained to Ghorbanifar, the channel, that they were paying through the nose for these parts and that they didn't understand the markup and why it was so expensive.

And so there was concern on the U.S. side as to how to deal with that. And at one point the Iranians said

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that they had the parts and their prices on microfiche and that they were looking at what the so-called U.S. Government price was and that, therefore, they knew what they were talking about.

Q Do you remember them saying that in light of that price that they believed that the markup to them was something like 600 percent?

A I don't recall the specific reference of how much higher, but certainly it was significant -- a several-fold increase that they complained about. Anyway, that led -- it was always uncertain on our side how much of that was just negotiating posturing on their part to be complaining and how much was legit as to how serious their reservations were about the actual prices.

But it resulted that we asked for these microfiche that they claimed to be referring to, and, although it took a long time, eventually that was provided through Nir, and we got those and CIA analyzed then.

Q And what conclusion did CIA reach?

A Well, I'm not sure. I never got the feedback directly, but whatever they had seemed to be legitimate, that in some way they were getting perhaps contractor information, the cost of manufacture, if you will, in some way on some sort of microfiche. There were 40-some microfiche that were eventually forwarded to us.

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The solution to the problem that was worked out was to explain to the Iranians that there were many levels of pricing in the same way that MAC, the Military Airlift Command, charges different rates for different passengers. If I were to travel on MAC as a military officer, there would be a certain rate per DOD. If you were to travel as a U.S. Government employee but not DOd, you would pay a higher price. Or, if a civilian were to be evacuated from an area on a MAC aircraft and have to subsequently reimburse the government, that would be a still higher price that he would have to pay for the same seat in the same aircraft.

So there were layers of pricing involved. In the same manner, there are layers of pricing that the U.S. Government gives for prices. The U.S. Army pays a certain price for a TOW missile part. Another country under FMS would pay a higher price, and a country that was buying it not only FMS would get a third price higher, or a commercial transaction direct, not being through the government, would be even higher.

So that there were all kinds of prices that were possible and that's enough.

Q All right. Who was involved on the U.S. side in this issue?

A Colonel North.

Q You?

A Well, I was.

Q Who from the CIA?

A Well, we delivered the microfiche when we got them to [redacted] so he took them back and had them analyzed. So his division or the group of people, since it was a compartmented program, within his division that were dealing with this problem, these folks.

Q That's Cave, Dunn and [redacted]

A And [redacted] were certainly aware of this issue raised on the Iranian side and how we were going to respond. [redacted]

Q Was there any consideration of going back to them with lower prices?

A No, I don't think so.

Q Why not?

A It just wasn't.

Q It was no surprise to the CIA that these prices were considerably higher than what they were paying to DOD, was it?

A Didn't seem to be.

Q [redacted]

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~~TOP SECRET/CODEWORD~~

[redacted]

A

I explained, which eventually, as I recall, was the solution that made this thing go away, was an explanation of different layers of pricing on FMS and so forth and they didn't qualify for the cheapest price.

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Q But one option that was not considered was lowering the price to them?

A Not that I'm aware of.

Q Did anyone express the concern that by keeping the price high in the light of the Iranian complaints the operation was being jeopardized?

A Not really. The only other source that the Iranians could have would be through black market, where the markups would be much, much higher, and some of the materials that we were providing probably weren't available on the black market. So it was take it from us or not at all.

(Counsel conferring with the witness.)

Q As I understand from your testimony and others, the purpose of the arms part of this transaction was as a demonstration of good faith on our side, which it was hoped would on the long range lead to a strategic objective of the opening to Iran, correct, and in the near term would result in the release of the hostages? Am I generally correct? That was the purpose of selling arms, right?

A There were a variety of purposes and objectives.

Q Then let me ask it in a non-leading way. What did you understand to be the purposes and objectives of the arms sales to Iran?

A Well, from my first briefing into the program, the terms of reference figured significantly, which had been

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drafted by Teicher and a State Department guy that was on the NSC staff whose name I can't recall at the moment. And the strategic value of the opening of this dialogue was clearly a part of this whole evolution and it was always discussed that the ongoing hostage situation in Lebanon, even though it didn't involve Iran per se but because of Iran's degree of influence over the believed hostage-holders, that we from our side, the U.S. Government, viewed this as an obstacle to bettering relations with the Iran government.

And because of the geographic location and the Soviet menace on the northern border and the Iran-Iraq war, all these other geopolitical concerns, that the hostage situation was viewed as an obstacle to getting on and doing things that were in our mutual interest and improving the relationship. So really the answer to your question is yes. I mean, it wasn't leading. It's the way I believed.

In other words, I've read a lot about, in the press, speculation that the strategic dialogue was just a cover or a justification after the fact to cover what was really just a straight arms-for-hostages deal, and from the inside I never viewed it as that.

Q Well, that's what I was saying.

A It was certainly a part of this whole evolution.

Q Where were two, and I've referred to them as the long-term or strategic, what you call the geopolitical, objective, and then, in the near term, the release of the hostages, which was interfering with all kinds of relations. Correct?

A Yes.

Q And on our side the arms would come aimed at achieving those two purposes -- the opening of the dialogue and the release of the hostages -- and indeed on the other side the release of the hostages would be their contribution towards easing that obstacle that kept us from one another; correct?

A Yes.

Q Given those objectives and given the geopolitical objective, once the Iranians started to complain about the price, didn't anybody say perhaps the pricing is interfering with the geopolitical objective? Instead of the arms now being a way to open a dialogue, we're in an argument; maybe we should lower the price.

A I don't recall any conversations on that. And, like I say, it was felt that this was posturing on the part of the Iranians just to complain because by their nature they complain that, looking at any alternative source, if any, for what they were getting that they were not getting a bad deal and that this was not a serious obstacle to the relationship.

Q Let me just try one more. I understand what you're saying. But if the objective, if the overall objective is to open a dialoque and now the mechanism that's been selected is opening an argument, wasn't there any concern that the pricing had become counter-productive and it was counter to the objective of getting involved with the arms sale in the first place? You weren't selling arms to make a profit, as I understand it, right? That wasn't the reason for getting involved with the arms sales to Iran, as far as you knew?

A No.

Q If that wasn't the objective, then why not lower the price? I'm just asking.

A You're not involved in the process. You're looking from the outside and making what I certainly understand is a reasonable question on your part. But it doesn't track to me. It doesn't make sense. I don't have the same intellectual question or hangup because my own perception of the relationship, from what little I gathered by observing it from the bits and pieces that I saw -- and [redacted] -- I didn't have a full appreciation, but I think I had a better one than yours from looking out.

This was very much of a [redacted] trading negotiation and each side bluffing and counter-bluffing, and Ghorbanifar bluffing both sides, and never being able to believe. It was a dance of artful negotiation and it was inconceivable, it would seem to me, that from a negotiating posture that you could go back to them after having stated a certain price and then say oh, well, we goofed and it's lower. I mean, they would have run with that. You would have given the inch that they would take a mile with.

That's not the way to deal with Iranian [redacted] [redacted] it seems to me.

Q Looking at it on the other end, was there any consideration of the kind I have asked about given when the price was set in the first place?

A I don't know. I'm extrapolating a little from later knowledge, like you said, about the 3.7. I didn't know about the 3.7 at this time.

Q In April 1986?

A I don't think. I think I acquired it later. I think it was after the delivery of the 500, when we then had the Iranians coming back, saying, developing a list of complaints with the delivery of the 239 spare parts, that certain ones didn't work. They had asked for a certain quantity, say four of an item, and only three were supposedly delivered. Where's the fourth?

So there began to develop a new list of things that they from their side felt that we owed them based on the original transaction, and we had to then develop compatible pricing from ~~w~~that which had occurred before. And that's where I think I first became aware of the 3.7 factor.

Q Talking again about the period where there were the complaints, did you hear any discussion on the U.S. side in connection with that issue of the need to make sure that funds were available for the contras in connection with the price negotiations that were then in progress? Was that area discussed?

A These meetings?

Q Not the meeting in April but we have sort of jumped to the period between May to October, which you've described as the period during which you became aware of complaints by the Iranians about the prices. We've talked about the microfiche and had a dialogue about the concerns on the U.S. side.

A Right.

Q In connection with any of those discussions did you hear contra needs discussed?

A Well, Colonel North had told me at some point -- and I don't know when; I think it was in this early time frame -- that part of the Ayatollah's money was going to help the contras, and so there was a reference to that that he made to me, I think just one-on-one, and that that was one of the boxes within a box.

Q And that was one of the factors, as you understood it, that influenced the price?

A Clearly I don't think I really correlated it explicitly in my own mind that way, but clearly it was.

Q Was General Secord, to your knowledge, involved in the discussions May to October about the price complaints?

A Well, I don't have a specific recollection. I can't recall him contributing to that in some way explicitly. But in general General Secord was involved with these negotiations with the Iranians, so it seems inconceivable to me that he was not also contributing.

Q But you didn't have a direct knowledge of it?

A I can't recall one right now, but I may later. It's inconceivable to me that he was not involved on that.

Q Once you were briefed into the Iranian compartment and then in the months after, what was your understanding of Secord's role?

A Well, I would say that General Secord was a person in the private sector who had an organization that was able to get things done when elements of the U.S. bureaucracy were unable to do so.

Q Did you understand whether his organization was making a profit, making money on his participation?

A I didn't know that explicitly. My feeling at the time would be -- was that it seemed to me some of that which I saw occurring, such as the rental of a Lear jet to bring certain people and the return of a hostage to Weisbaden was financed by this private sector organization. So those sort of expenses, it seemed to me, were probably coming from that pot, but that's speculation on my part. I didn't know that.

Q Leaving speculation aside, did Colonel North ever tell you whether the private organization that was assisting here was being compensated in some way, a commission, profit?

A No, I don't think so.

Q He never discussed that with you?

A No.

Q Let's go to page 98 of your notes, and this appears to be a discussion on, it looks like, April 25 or thereabouts, with [redacted] also about the forthcoming delivery to Tehran; am I correct?

A What's the date again?

Q I think it's April 25, judging by the date on page 99. There is no date on 98.

A Yes. This would be similar. It's probably a follow-up discussion.

Q To the one on April 24, page 100?

A That he was calling me with some further information that they didn't have back then.

Q For example, 209 instead of 206 are now available and so forth?

A Correct.

Q This pricing at the bottom, it says "$ figure with

241, U.S. Army, $4,286,573.72; CIA, $4,103,819.64." What do those numbers refer to, as you now recall?

A Okay. This is [redacted] passing to me that the U.S. Army had calculated the total cost, including the price with part number 241, which was not on the sheet that the Iranians had given us, and this refers to 241 being one of those combined into a higher assembly of two other parts. But, anyway, including that contentious part it would cost that much. And the CIA's costing-out of that same collection of parts was this amount.

And I think that's the difference between the two.

Q So the difference is recorded as $165,416. That's about right, isn't it?

A Um-hum, was because of their differing calculations on part number 241.

Q Okay. Let's see. Page 97. Is that an additional reference to the arms shipment to Iran, the HAWK shipment, or am I reading something else?

A Yes. Continuing discussions of part numbers.

Q Now on the same page near the bottom it says: "not" --

A "Not provided" or "not being provided".

Q And there's a string of numbers and then "partial".

A Part numbers.

Q These are all part numbers? Okay.

A And then "partial shipment".

Q Let's move along to page 91, and I believe this page is referring to the Iran compartment and I'd like you to tell us what the entries on that page are about. Maybe we can first establish some names. The notes refer to Abe. Is that a code name for Hakim?

A Yes, although I think in the time frame that I was writing this, which is --

Q April, I believe -- April-May 1986. Let me look at the nearest note that has a date.

A It's that general time frame. I didn't know that, because I subsequently wrote in -- and I don't know when, but sometime later -- that I learned who that was, but at the time I wrote this note I did not know who Abe was.

Q Sam. Is that George Cave?

A Yes.

Q Adam. Who was Adam?

A Adam is Nir.

Q And Merchant is Ghorbanifar?

A Correct. O-N, Oliver North.

Q Yes, that I understand. Why don't you tell us what that is?

A Let me just read the whole thing and get it in context, that will make the explanation a little more clear.

Q Fine.

(Pause.)

A If we want to spend more time, I could probably figure it all out, but let me just give a general at this point. This is -- and I'm not sure who is offering up this option, but because of some problem that arose -- and that's the historic relationship of this whole thing, is just a series of problems -- some snafu, some problem, and this is somebody's option on how to solve it with Abe, Hakim, to call that person, that Iranian official whose name we won't divulge yet, introduce George Cave to him on the phone to talk.

And that --

Q That Nir would pass the suggestion to Ghorbanifar?

A Correct.

Q So this is a proposal to solve a problem they had. Anything else? That's what it's about?

A Yes.

Q Now let me go down on the page. Can we go off the record for a second?

(A discussion was held off the record.)

Q It says "Merchant to deposit dollars on Monday". That's Ghorbanifar depositing what money -- from his Iranian --

A However he acquired it, if we ever find that out.

Q Now "George worried, we're so dependent on Ghorba to bring unnamed Iranian out". What does that mean to you, "George worried we're so dependent on Ghorba," et cetera?

A That's a concern that a lot of us had, all of us had, I think, and just George Cave expressing it explicitly on this occasion, that the channel was so dependent on Ghorbanifar.

Q Did you hear discussions after you became familiar with the compartment that Ghorbanifar had never met a polygraph he didn't flunk?

A Much later I learned that, very late in the game, like October or September, that there were burn notices put out on Ghorbanifar by the CIA. So I didn't know that then, but my recollection is even up here everyone distrusted Ghorbanifar, that you couldn't tell whether he was telling the truth or not.

Everyone recognized that Ghorbanifar was untrustworthy, that he was making up stuff and looking out for his own interests, which were probably to make an enormous profit; but that it was the only channel available, that at least it worked, that it was able through him to get to the Iranian leadership -- these pragmatists or people we were dealing with that were willing to talk about this and seemed to want to have a more balanced relationship with the United States.

So it was not because everybody liked Ghorbanifar or trusted him, but for lack of any other alternative, which is what led to this pressure for search for a second channel to get Ghorbanifar out of the loop so we could deal one on one with the pragmatists in Iran that we wanted to deal with.

But because it worked, there was always a germ of truth in some of the things that Ghorbanifar said, so you could get intelligence value from some of what he gave you. It took enormous analysis and vetting to separate the wheat from the chaff.

Q In terms of some recent famous words, he wasn't the most despicable man anybody had ever met.

A Yes.

Q Let's see if we can do a few more before we break. Off the record.

(A discussion was held off the record.)

Q We'll take this one and then we will break. Page 85. We've passed page 89 and done that off the record, and we're not interested in putting that on the record. So now we're at page 85. I'm looking at the portion of the note which reads: "Casey. Yes, he supports current."

A "He supports the current."

Q What does that mean?

A It's incomplete. He supports the current I don't know.

Q Well, you see down on the page also there's a group of initials. It says "Roger on instructions. Yes, the DCI supports the current plan/op."

A Operation. Let me read the whole thing.

(Pause.)

Q It appears to be an entry, based on the date at page 84, or at page 86, rather, of May 5, '86. Does it refer to the DEA operation at all?

A That's a possibility. I'm not sure.

Q If you look at the note at the top of the page "$1 million".

A For one alive, per live hostage, yes.

Q Then it says [redacted] who I believe is a DEA agent.

A Correct.

Q And if this is going to start a long discussion, we may want to do it when you come back, because I know your lawyer has to go to an important appointment.

A Well, it's not ringing any bells. This is clearly a message that I'm to pass, a message from North for Admiral Poindexter.

Q That's what all those initials mean?

A The following message from Colonel North for Admiral Poindexter, "Roger on instruction. Yes, the DCI supports the current plan/operation".

Q Now that's a message North wants you to give to Poindexter?

A Correct.

Q And does it refer to the DEA operation?

A I'm not sure. Certainly there's a reference to that on the top of the page, but it doesn't necessarily mean by the time we get down to here that the two references are to the same thing, that it's still the same, and I'm drawing a blank as to whether it is the same thing or something different.

Q Do you have an independent recollection, and we're going to talk about the DEA operation this afternoon -- do you have an independent recollection of whether the DCI did support that operation?

A I don't have a recollection of that. I don't know whether the DCI supported that or even knew about it, from my knowledge.

Off the record.

(A discussion was held off the record.)

MR. BELNICK: On the record. We're going to break now. We will resume at 2:00 p.m. Thank you.

(Whereupon, at 11:28 a.m., the taking of the instant deposition recessed, to reconvene at 2:00 p.m., the same day.)

AFTERNOON SESSION

(2:10 p.m.)

Whereupon,

ROBERT LAWSON EARL,

the witness herein, having been previously duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE -- RESUMED

BY MR. BELNICK:

Q Good afternoon, Colonel.

Now we're on page 83 of your notes for the same period, and I think page 83 is still in May of 1986, from the context it appears to be.

A We're going backwards? Oh, we are going backwards.

Q We've been coming backwards from the back because that's how they're ordered. It's to confuse the enemy, and me.

Page 83, which appears, as I said, to still be in 7 May 1986, I'm interested in the note that starts "Elliott". Then it looks as if it says "R-squared" and there's a line -- "new mad scheme." What does that refer to? Who is R-squared?

A I'm not getting a distinct memory, but my guess is that it's Ronald Reagan.

Q Does Elliott refer to Elliott Abrams?

A I think. That's the only Elliott that I know.

MR. LEON: How about Ben Elliott, the speech writer?

THE WITNESS: Possibly. I knew him but never really -- well, on speeches, but I doubt it. You're right; it's possible, but I don't think so.

BY MR. BELNICK: (Resuming)

Q But take a look at the whole note and see if your memory is at least refreshed as to what it means.

A Those two relate.

Q Well, tell me what you recall about it.

A Okay. This is from -- that looks like my handwriting, although it looks like a different time than when I wrote this. But anyway it looks to be a note from Colonel North.

Q That Ghorba called?

A The merchant called. The merchant's in room 926, and I think at the hotel, the Churchill Hotel in Portland Square in London. Talks begin. [redacted] and that Nir had called him.

Q Had called Ghorbanifar?

A Had called Ghorbanifar. And this is the room number where he is.

628 Q Room 728 indicates where Adam was?

A Correct.

Q Then there's a thing that says "ON, order 508 TOWs for Israel."

A [redacted]

Q Is that [redacted]?

A [redacted] I assume.

Q Allen?

A This would be Charlie Allen. And this is again for doing that, that that was a route.

Q We'll ignore the Allen comment, but [redacted] order 508 TOWs for Israel", is that [redacted] telling you that he's ordered 508 TOWs for Israel? Do you recall the question being raised around this time of replacing the Israeli TOWs which had been shipped to Iran in August and September of 1985, roughly, if not exactly, 508 TOWs?

A I don't have a specific recollection on when we paid those back ultimately. I know it was way long after the original. That was one of the bones of contention from the Israelis, that we didn't pay it back as quickly as they would have liked. [redacted] So that in some way refers to that, but I'm not sure from this whether it's coming from [redacted] or I'm to tell [redacted] that or what.

Q Let's go back, then, to the reference we started out with on the page: "Elliott, R-squared, new mad scheme." Any recollection today of what that means? If you don't recall, you don't recall.

A I'm getting nothing from that one.

Q Does anything else on the page either help you with that or refer to the matters we've been talking about? For the record, I'm going to draw a red line, a red circle around the comment attributed to Allen here and some other material which I will suggest be redacted.

A I agree.

Q In the event that we request this page to be declassified. And that's on page 83 that I drew those red circles. Let's move on, if you can't recall.

A There's a possibility. Something just clicked, and this may be it. This may be where he was at the time.

Q Where Elliott Abrams was?

A Yeah.

Q At the Intercontinental?

A Yeah, with that number. Because what I just remembered was there was a time when Colonel North was traveling on one of his trips where he said he saw Elliott at an airport somewhere, and Elliott had not seen him. He made that comment in passing -- that his tradecraft, if you will, of observing was better than Elliott's. So Elliott had missed seeing Colonel North.

So this may have been this time frame, when they were both abroad separately, but for some reason one was trying to get the other and that we were a clearing house for exchanging phone numbers and room numbers in hotels. That's just a guess.

Q But the reference to R-squared, "new mad scheme" means nothing to you now?

A No.

Q Let's move on. Okay. The next page I have marked is page 82 of your notes, which reads: "Felix, [redacted] to Miami [redacted]" et cetera. Is the reference to Felix Rodriguez?

A Yes.

Q [redacted] Is that [redacted] from the Central American country [redacted] as best you recall?

A I'm not getting a specific recollection of this, but probably because it relates, it seems to relate to something else that I recall -- what we talked about before, the two meetings.

Q This is May 7, which is months earlier than the August meetings you discussed at the last session of your deposition.

MR. LEON: Here on the May 8 calendar for North it shows an Israeli general arriving, Thursday, May 8, the next day.

MR. BELNICK: I don't think that's the same

[redacted]

BY MR. BELNICK: (Resuming)

Q What do you recall about the note?

A Nothing specific. It seems to be a message from Felix that I assume, although I don't recall specifically, that I assume I was to be passing to Colonel North.

Q Okay. Let's move along. The next page that interested me was page 78 of your notes, which I believe is still in the same May 7, 8, 9, 10, something like that, time period of 1986. Why don't you look at that?

A The whole page?

Q I think the whole page for the most part, insofar as it pertains to what we are interested in. It refers to the same subject, seems to be referring to the Iran arms shipment, replacement of Israeli TOWs and so forth. But I'd like to know --

A Do you want me to indicate --

Q And Colonel North is also going to draw some circles in red on things.

A Colonel North is?

Q Colonel Earl, things that he thinks ought to be redacted from page 78.

(A discussion was held off the record.)

A In answer to your question, yes, it is a continuation of similar previous pages we were talking about on Iran arms.

Q There's numbers here about expenses. Where were you getting these price figures from? Are they coming to you from Nir?

A No, I don't think so. I think it c~~w~~ould be coming from CIA, from the logistics people.

Q Expenses for what? There are expenses listed here totaling $3.8 million, $3.2 million, and then another big number.

A What's the date on this again

Q I think it's about May 7-8, 1986, is my best guess based on the surrounding pages.

A Well, here's an example. This number here, the $3 million, $3.2 million is an example of an expense, if you will, which includes the cost of the Israeli TOWs and the transportation and packing cost of moving those TOWs within the United States and en route to Israel.

Q And this is an expense that would be borne by whom?

A They'd be added to the price ultimately that the Ayatollah would pay. I mean, he paid for the train delivery to [redacted]

Q So the idea was to put, among other things, to put enough into the price to the Iranians to enable you to cover the expenses of replacing the Israeli weapons, in effect?

A Yeah.

Q In addition to whatever other markups there were, correct?

A Yeah. I hadn't really thought of it in those terms till you phrased it that way, but this suggests to me that. Let me just caveat this by saying that this was my first introduction to this whole thing and so these didn't make sense to me at the time, and I had never really, until you just mentioned it, realized that that's what was going on here. I was just copying numbers down that I got from somebody and having them available if needed.

And at times Colonel North would look for something in the records that I kept, knowing that I kept notes, but they didn't necessaarily make sense to me. So yes, I agree with what you say, although that's based on ex post facto knowledge. I didn't know that at the time.

Q Let me go to the next page of your notes, 77. What I'm interested in is the note at the top, which seems to say "13th ON to" --

A I think the Naval War College.

Q [redacted] KL-43, two more." What did that note mean?

A I think they're unrelated. The first one is that

Colonel North had a plan to go brief, give a speech, or something at the Naval War College.

Q Then the [redacted] reference?

A [redacted] that we were to ask him for two more KL-43s because others were broken or needed replacement or they needed two more; I don't know.

Q Now we move to page 76 of your notes, May 9, 1986, and this looks like planning for the upcoming Tehran mission, that is, things to say to the Iranians and so forth; is that correct?

A Correct.

Q What does this mean: "Israelis want to be there, offered two 707s. Israelis provide some degree of plausible deniability"? What did those two lines mean? Let's take the first one: "Israelis want to be there, offered two 707s."

A I read that without specific recollection, but the way I read that, interpret that, now is that it meant that the Israelis wanted to be part of this, that the option of just the U.S. going in was not preferred by them, that they would prefer to have an Israeli as part of this, that this was a joint venture of sorts, they were a major player, and they wanted to be there to participate, as, of course, it turned out, with Nir attending.

They offered two 707s in this, at least one of which -- and maybe two, I'm not sure -- were subsequently used.

Q Now the line: "Israelis provide some degree of plausible deniability". What did that mean? Who said it?

A Well, see, I don't know who said it. As far as what it meant, it was a suggestion that cover was a consuming concern of this whole enterprise, to protect the cover of this thing, and to the extent that we were dealing with a lot of people in various countries and Ghorbanifar, dealing with all kinds of people, that the circle of knowledge of parts of this was ever-expanding and of operational security concern.

And there was always a need for cover to explain that which people could see, so that the covert operation could not be blown by the press or somebody else stumbling onto something and not having a plausible explanation to make it go away, as happened in the past, prior to November, when I think there were some references in the press -- I think it was Jack Anderson -- to an Iranian connection on hostages and those things came and went.

Q This would enable who to deny what -- the United States to deny that it had any role in the arms that were going to Iran?

A Well, in the context of coming right after the 707s, it suggests to me that if the movement of aircraft to Tehran were picked up because of the necessity to file a flight plan in certain portions of it, that the fact that it was Israeli would help provide protection of the operation, that it didn't automatically point the finger that the United States was doing this. Sure.

Q Was plausible deniability a term that you associated with anyone in particular?

A It's a term of art that I'm very familiar with from my days at the CIA. It's a general mode of operation in establishing covert operations.

Q It's a CIA term, though, isn't it?

A Oh, definitely. If you set up a cover, if you have a covert operation, unless everything that you do will be seen by no one, then what's the difference of doing nothing, then? You have to do something that somebody can see. You have to have an explanation for what you're doing that does not give away that which you are attempting to keep secret.

Q Let me ask you a question. There are references on page 76 and others to the false passports, and we're aware that [redacted] passports were used on this mission to Tehran; correct?

A Correct.

Q Was any thought given to the danger that that use of false passports may have exposed the participants to in terms of their possibly being arrested on a legitimate charge in Tehran, which is not unknown to have taken captives from time to time?

A I'm not sure of the antecedents that led up to that decision. I assumed that that was because that was being requested by the Iranians, but I'm not positive of that, that they had wanted us to come, that this was coming again through Ghorbanifar, so you don't know who is making up what.

Q Precisely.

A But I don't know who asked for it and how it was decided and blessed, but by the time I got to deal with it it was already a decision. And here the only discussion is whether to go [redacted] that there was an established need for foreign documentation.

Q But whoever asked for it, you didn't hear any discussion to the extent you were involved as to the risk of using a false passport and exposing the carriers of those passports to arrest?

A No, not on that one per se. There was concern with the fact that they could have been taken hostage, and there was concern that all kinds of things could have gone wrong with the mission that would have led to the cover being blown. For example, we even in the operation order had contingency press guidance developed for those sorts of circumstances, if the party was taken captive in Tehran, what would we say with Bud McFarlane there being held prisoner.

Q That's why I was going to ask you what "plausible deniability" meant in this context. You were going to have the former National Security Advisor and Oliver North in these airplanes. Did people think it would be plausible to deny that they were Oliver North and Bud McFarlane or was there another theory?

A There are different scenarios of what is exposed and how you react to it. That is certainly the worst case, where the people that we were trusting to go and speak as emissaries would jeopardize all that by blowing it and taking them prisoner. That was the worst case, and there's only so much you can do in that circumstance, but that would be for something less than that, it seems to me, that the other party in this dialogue had just turned 180.

Q Page 75 seems to be further discussion of the plans for the Tehran mission; am I correct?

A Yes.

Q And it says here: "Gifts okay. Replica of Colt .45s." Whose idea was the gifts; do you remember?

A No, not specifically. It occurred in one of the briefings and conversations. It may have been George Cave, someone who knew Iranians pretty well, made the protocol point that whenever a visiting delegation would come to discuss important things that there would be a symbolic exchange of gifts, and that we would expect that from their side and what would we do on our side.

And that led to a discussion that they liked hand guns and so these .45s were acquired and taken, but I don't think they were given.

Q Hopefully not loaded.

(Laughter.)

Page 75 of the notes also contains this entry: "When brief Weinberger, Casey, Shultz, et cetera, what if they can't deliver." Explain those two lines to me.

A They are unrelated.

Q Give me the first one: "When brief Weinberger, Casey, Shultz".

A This is raising the question of when are they to be briefed on all the timing and so forth.

Q Who raised that question?

A Well, I haven't figured out from this whole thing where it's coming from. That's why I was looking back on what day of the week is this, because I had looked back and seen this reference to Saturday a.m. meeting, so if it were a Saturday it would have tracked.

MR. LEON: There was a meeting the 9th.

BY MR. BELNICK: (Resuming)

Q Friday, May 9, according to Colonel North's calender, which Rich is pointing out there is a meeting that North has listed with Clair George and [redacted], Cave and

[redacted]

A That must be it.

Q Then later in the day, that same Friday, May 9, there is an entry on North's calendar that says Bob Earl, 4:15.

A No. That was unrelated.

Q So looking at the earlier one?

A Yes. The reason I was thrown off was this reference to the Saturday a.m. meeting, so I'm looking for a Saturday, but it must have been rescheduled up a day to Friday. So this is the Friday meeting, what I previously described to you went around the room and said all the people there.

So this is a significant operational meeting of all the players in planning for this operation. And this was kind of stream of consciousness, recollection, so I don't know who said what. But it was discussed at some point in the meeting.

Q Do you recall it being discussed that the Secretary of State did not know anything about this operation at that time?

A No. It doesn't necessarily mean that. He could have known of previous iterations or whatever. But the details of the Tehran trip by Bud McFarlane is the way I interpret that, when to brief them on this specific part of the operation.

Q So would it be fair to say that as of that time, May 9, 1986, you did not know whether the Secretary of State knew about the mission or not; correct?

A Correct.

Q The same with respect to Weinberger?

A Well, again it would be correct to say that I don't know to my direct knowledge. I would circumstantially believe it fairly likely that he knew at that point because we had to get his approval to buy the weapons in the first place and through that channel, through the CIA to DOD, it had to be approved by him.

Q But again you are making that on the basis of an inference. You didn't know one way or the other, correct?

A Correct.

Q DCI Casey, though, you understood was aware of this operation?

A Yes.

Q Page 74 looks like more of the same, more additional planning for the mission, am I correct, probably coming out of that same meeting?

A Yes.

Q Now let's look at page 71 and I'd like you to read what I have bracketed here in pencil, which starts: [redacted]

A Okay.

Q To what do these notes refer on page 71?

A I'm just trying to get the specific. I know generally what it is, but let's see if I can get it. Do you have the page before? Oh, great, that's a big help.

I just don't quite have the specific on it, but in general it refers to, well, the hostages and -- maybe we ought to go off the record and decide what needs to go on the record.

(A discussion was held off the record.)

Q We had a discussion off the record concerning the notes on page 71 and, based on what Colonel Earl told us we're satisfied that the material there is both sensitive and that it doesn't really pertain to the subject matter of our inquiry, so we'll pass it by and go to page 70, the note in the middle of that page which reads: "Radars, Taft to release $6.5 million? Need this to start TOWs and spare parts. If money today, 20th, equals, [redacted].

A [redacted]

Q What's it all mean?

A I'm not sure of the part numbers again, but it's kind of one of the last items in the list of originally 239, 240, 241, however many spare parts there were, in the laundry list from the Iranians. There were two high-power radars that were added on at the end, so this concerns them.

There were two radars in stock in Lederkenny, or something like that, Pennsylvania, that were available, that were being held for the Iranians, and so there was, if we wanted to do certain things, ways to get that available so that we could get them if the decision were taken to send them to the Iranians. But it required some action at a high level on the part of the number two person at the Defense Department.

Q What does the reference here mean to $6.5 million?

A That's the cost of the radars.

Q The cost to whom? The cost to CIA?

A The cost. That's how much those radars cost. Again, in this Catch-22 situation, that the Iranians wouldn't put the money up until they had delivery, and DOD wouldn't release the parts until they had the money. So that in order to get movement on that there had to be a movement of money. So that was a sticking point on that.

Q On the $6.5 million?

A Was for the radars. And this is merely a time projection, that if the money were sent today, then whatever today is on this date, then on the 20th the radars would be ready at the [redacted] It was looking at a time line for when the radars could be available for subsequent shipping to Tehran.

Q Then it says "new cost $6,375 times 508." We come up with $3,238,500. Now what did that mean, new cost?

A Things were always changing. There was an earlier reference that had a different unit cost, I think, for the TOWs. It was out on the column on one of those that you showed me before that I think was slightly different. It was $6,000-something. $6,083. And this is $6,375. So there's about $300 difference in unit cost.

Q But is this the cost that was going to be charged? This was the actual cost for replacing TOW missiles?

A This is --

Q Just for the record, I'm looking at the computation on page 70, the $6,375 times 508. The 508 clearly refers to the 508 TOWs that Israel shipped in 1985, I believe. And the new cost of $6,375 is what I am trying to understand. Is that the cost per replacement TOW or the cost of replacing each TOW to Israel?

A There's yet another price. Well, there is it.

Q The same price? Colonel Earl is showing me the same price appears on page 78 of his notes.

A But this was always confusing as to which price, real or actual, and I don't know which one we've got there.

Q Here is another note on page 78, "$822,500 in the bank". Do you remember what that referred to?

A I'm not sure who I'm getting this from, whether it's coming from CIA, which is possible, or coming from General Secord, or Colonel North, somebody like that. It could be from either.

Q I'll try to refresh. Do you recall independently what you meant or what was meant by $822,500 in the bank?

A No.

Q Let me try and refresh your recollection. Do you remember having a conversation with Nir around this same time, May 10-12, something like that, 1986, in which he asked you how much Israel would have to pay for the replacement TOWs and you quoted certain figures?

A Could be. I don't specifically recall that.

Q Let me ask you to probe your recollection. Do you recall any conversation with Nir in which you were quoting figures as to the cost to Israel for replacing the TOWs?

A I'm not getting a specific recollection of it, but it certainly fits into the pattern that Nir is one of the people I would talk to and pass messages on for North or whatever, or he would call up. He couldn't get North because North would be in a meeting, so he would ask me, I need to know this. So I was a middle man and relaying messages back and forth to people. And that is quite possible.

Q It would be consistent with that role?

A Sure. I'm just not specifically recalling it.

Q And if it happened, from where would you get the numbers that you gave Nir?

A If he had asked for the cost to Israel, then I would go back to CIA and ask them, and that's -- like this. No, back here, this one may have come -- the 707 cost.

Q On page 70 of your notes?

A If that's a Secord-provided aircraft, then the cost would come from Secord. If it's a military aircraft, it would come from CIA. Some of the earlier ones definitely come from CIA because they did [redacted] All of those numbers came from CIA.

Q The witness has just been referring to numbers on page 78.

Continuing, do you recall learning in this time period from CIA or Secord or someone that roughly $822,500 had been set aside for Israel out of the second TOW transaction?

A I'm not specifically recalling that, no.

Q Do you remember any discussion of an amount $822,500 which had been set aside for Israel in effect to bring down the price that Israel would have to pay for the replacement TOWs?

A There's something about that which you just described which is just starting to ring a little bit of a memory of something, discussions associated with it, but it's not enough to say yes, I remember that. But I just got something out of that that sounds familiar. But it still is not tracking to this.

Q Still a very vague recollection. Well, let's not worry about the note right now on page 70. Do you have any recollection of where the money that had been set aside for Israel for the replacements had come? Where did that money originate?

A The money set aside for Israel?

Q This "$822,500 in the bank", which had been set aside for Israel to bring down the price of the replacement TOWS. Do you know the source of those funds?

A No.

Q So if you were dealing with these funds or passing these numbers on to Nir or anyone else at that time, May 1986, you were functioning, as I understand, as a conduit, a simple messenger; correct?

A And not understanding quite a bit of what I was writing down and passing on.

Q Okay. Page 69 of your notes looks like more of the same, more data concerning the cost of the radar and shipping and so forth of the HAWKs.

A Yes.

Q There's reference on this page 69 and elsewhere in your notes to Phase II unit cost. What was Phase II?

A There were two kinds of radars, and the Phase II was a more recent one, and it was too complicated or too recent to be compatible with the HAWK system that the

Iranians had, so it had to be backwards-engineered to be compatible. So we had to pay twice for it -- to become Phase II in the first place, and then backwards to Phase I.

Q At the bottom of page 69 is a note [redacted], with an address and an account number, [redacted] Whose account was that?

A I don't know.

Q You have no recollection of what that number refers to?

A No. I've seen in the times subsequent, looking at this with other people, that there are several bank account numbers that crop up over time.

Q Do you know what the initials [redacted] stand for?

A No.

Q Okay. Page 68 of your notes. The one I'm interested in is the entry that reads: "Tom Clines, associated with ship?" Do you recall the nature of that note and what it meant?

A What time frame are we in again?

Q We're in mid-May 1986.

A But it's before the Tehran trip?

Q Yes.

A If it were after, during the Tehran trip I would have a guess, but before it doesn't make any sense to me.

Q Did you know at that time of any involvement that

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Colonel North had with Tom Clines?

A No, I don't think so. There may have been some press reports, but I don't know when, whether it was back then or later, but except for press reports, no.

Q Let's look at page 64 of the notes. We're still in mid-May, 1986. I'm interested in the note at the bottom, "Phase II, $2.8 to $3 million each, cheaper than Phase I. [redacted] and [redacted] Is that right?

A Right.

Q Tell me what that note means?

A This is again referring to the radars and that even though -- there was a paradox here that even though you had to pay for the backwards engineering from Phase II to Phase I, it wound up cheaper than if you bought Phase I originally, which made no sense to me.

Q And [redacted]

A I think this is separate. [redacted] doesn't mean anything to me right now. [redacted]

I think of the three the third is most likely, but

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I'm not positive.

Q Let me direct you to page 63, the note: [redacted] in Europe".

A "Saturday through Wednesday, 28 May."

Q "KL 43". Is that another reference to some need regarding a machine?

A Well, I believe it's [redacted] letting us know that he was going to be out of the country until then, and that he would check in with us when he returned, because we had just had a problem or he had made a delivery or something, so he was just keeping in touch with us if there were a problem.

Q Then there's a whole series of alphabetical letters and some numbers. Is that a code?

A Probably.

Q Do you remember what this coded page 63 referred to?

A No.

Q We'll take one final entry for today and then we'll schedule to resume. Page 62 of the notes, 19 May, at the bottom: "Charlie, conversation with Ghorba."

A "This weekend, more money moving Tuesday, Saturday, Sunday, ready to receive Mr. Robert" -- Mr. Robert?

Q "Boxes in good shape". "Boxes" refers to hostages?

A Yes. "Ready when Robert hits P&T." Point Tango, got it. When Robert -- I'm trying to figure out who Robert is.

Q Would it be Bud McFarlane?

A Yeah. That's the way I interpret it.

Q Tell me what you think the notes on page 62 mean.

A That Charlie Allen had had a conversation with Ghorbanifar over the weekend. Ghorbanifar had told Charlie that more money was moving Tuesday, that on Saturday and Sunday they would be ready to received Bud McFarlane, that the hostages were in good shape and that they would be ready, they, the hostages, would be ready when McFarlane hit Point Tango, which is Tehran.

MR. BELNICK: Thank you. We will resume at a later date.

(Whereupon, at 3:12 p.m., the taking of the instant deposition recessed, to reconvene at 9:00 a.m., May 22, 1987.)

____

Signature of the Witness

Subscribed and sworn to before me this ______________ day of 1987.

____

Notary Public

My Commission Expires: __________________________

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Stenographic Transcript of

HEARINGS

ORIGINAL

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

TESTIMONY OF ROBERT L. EARL

Friday, May 22, 1987

1075

Washington, D.C.

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TESTIMONY OF ROBERT L. EARL

Friday, May 22, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Continued deposition of ROBERT L. EARL, called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 9:05 a.m., the witness having been previously duly sworn, and the testimony being taken down by Stenomask by ANNE PELLECCHIA HOROWITZ and transcribed under her direction.

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APPEARANCES:

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P R O C E E D I N G S

Whereupon,

ROBERT L. EARL,

called as a witness by counsel on behalf of the Senate Select Committee and having been previously duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. BELNICK:

Q Colonel Earl, you recognize you are still under oath?

A Yes.

Q We will continue with your notes from last time. We are up to numbered page 61, which is May 19, 1986. There is a reference to [redacted] and then under it "1300 CIA" and there are some names - [redacted] Secord, Earl, North, et cetera. Could you please explain those notes?

A I think that the arrow coming down tends to point up to the line and that the two are related, and that because of this 1300 CIA appointment with these folks, the appointment with [redacted] was going to have to be moved to 1600, so I think they are related in terms of scheduling but not substance.

Q [redacted] had nothing to do with the meeting?

A The meeting was Secord, Earl, [redacted] Cave, and Dunn at CIA.

Q He will be delighted to have had you so confirm. I take it [redacted] has nothing to do with the Iran compartment or anything else we are looking at, right?

A No. As we talked last time, it was strictly he was a consultant or one of the persons we talked to on the task force, although this is May.

Q May '86?

A I'm not quite sure who we had an appointment with or why on this date. It was probably with Colonel North, but I'm not sure. That would probably show up on his appointments calendar. It was not related; that much I'm pretty sure of.

Q Okay. Did you have the meeting with [redacted] Secord, North, [redacted] Cave, and Dunn that's recorded on the May 19 entry?

A Do you know what day of the week? It must be a weekday.

Q We can find out. I don't have it offhand. We need a 1985 calendar -- '86, rather.

A I recall a meeting.

MR. LIMAN: You indicated you asked whether it was a weekday. Is that because you recall a meeting on a

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weekend?

THE WITNESS: That's what I started to think about, but now I'm not sure. There is more than one meeting. I have a visual recollection of one in the DDO.

BY MR. BELNICK: (Resuming)

Q Clair George?

A Clair George's office. I was thinking that was a weekend, but now I'm not sure. It might have been a weekday as well. But there were other meetings in weekdays because I can recall one. At one of the meetings -- it may not be the one with Clair George, but on one of the meetings coming out through the front entrance there were all kinds of people coming and going. It was clearly a weekday.

And I also have a recollection of coming in the back entrance on a weekend when nobody was around, but that one may not have been the May time frame. That may have been leading up to one of the later releases.

Q I have a calendar. May 19, 1986 was a Monday.

A Okay. I can't, independently of this, recall that yes, it occurred on that day. It's probable that it did, but it would have been one of the lead-up meetings prior to the Tehran visit by McFarlane, North and others, dealing with all the operational and logistics aspects of the Tehran thing, trip.

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Q Okay. Going down the page, still on page 61, there is a reference to Nir with some numbers. Is that a description of him physically -- 5'7", 155 pounds?

A Yes.

Q What was the purpose of that entry?

A The purpose of that entry was to have his physical particulars so that his [redacted] passport could be prepared.

Q Okay. Let's move on. The next page I have marked is page 57 of your notes, and from the surrounding pages this is still May 1986. You will notice near the bottom of the page it says "Weinberger", then "Casey, George, [redacted] Clarridge, Cave, Allen, Shultz, Koch" -- K-o-c-h.

A Koch, Noel Koch, yes.

Q Now I want to go over this entry in some detail. Let me ask you first who was Noel Koch?

A Okay. Noel Koch was -- I'm not sure of his exact title, but he was a fairly senior Department of Defense official in OSD and worked, I believe, for Richard Armitage, was a deputy to Richard Armitage.

Q Did you meet Koch in connection with the Iran initiative?

A I don't think so, but let me just read this and refresh my memory on this entry.

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Q You are looking at the notes on page 57. You can start anywhere. I have just marked the bottom portion of the page.

A The bottom is what you are interested in?

Q Yes.

A May we go off the record for a minute?

Q Yes.

(A discussion was held off the record.)

BY MR. BELNICK: (Resuming)

Q Back on the record. Please proceed.

A I'm not positive of this, but from the context, particularly the last two entries, I think that this is an attempt to come to grips with who was in the compartment and to what extent they are in the compartment as far as knowing compartments within compartments. So it is a listing of people who know at least some of which, some of the compartment, the Iran compartment.

Q Where did you get the list from?

A I think it was from Colonel North. That would be my best guess, but I don't have a distinct recollection of how I acquired that.

Q You can't recall in what context you got it?

A No. It's possible it was related to some of these workups out at CIA and getting me up to speed on my portions of the operation.

Q I was going to ask about this entry under Vice President. Does that say "Fuller knows some of it"?

A Yes, it does.

Q That's a reference to Craig Fuller?

A Craig Fuller, yes.

Q Do you know which part of it he was familiar with?

A No, I don't think so. I think my knowledge at the time was strictly that.

Q Don Regan knows some of it? Is that who this is a reference to, Regan?

A Well, it's written Reagan.

Q I understand. Who did you mean?

A I'm not sure. It's quite possible I miswrote and meant Regan, but I don't know.

MR. LIMAN: May I ask, on this part you indicate President, Vice President and Poindexter on top.

THE WITNESS: As being in the compartment.

MR. LIMAN: As being in the compartment. And then after them you list Reagan.

THE WITNESS: And I think I mean Regan.

MR. LIMAN: You think you mean Don Regan on that?

THE WITNESS: I think so. I'm not positive,

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but, as you correctly point out, it doesn't make any sense. It's a redundant listing of the President, so I think it must mean Regan, even though I wrote it Reagan.

MR. LIMAN: And the date of this note?

MR. BELNICK: There is no date, but it looks like it's May 19.

MR. LIMAN: And, as I understand it, by May 19 you had been told that some of the money from the proceeds would be funneled to the contras?

THE WITNESS: I'm not sure exactly when I knew that.

MR. LIMAN: But you knew it in time in connection with the Tehran trip, as I understand your prior testimony is when you place it.

THE WITNESS: I think that's the best guess. I cannot be positive exactly when, but I think the best guess is that it's in this general time frame of workup toward the Tehran trip.

MR. LIMAN: Now, when you are talking about people knowing some of it, others knowing more of it, I mean, you are indicating that people know parts of it. Are you including in that compartment, what you call compartment, the diversion of money to the contras?

THE WITNESS: My knowledge in writing this note would not refer specifically to any particular fact

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or part but merely generically that there is a big box, referring to the whole Iran operation, and that there are boxes within that or parts of that. But it doesn't refer to any particular sub-box or sub-compartment.

MR. LIMAN: As you looked at it conceptually, you see a compartment as a box which contains information.

THE WITNESS: Correct.

MR. LIMAN: And that information is secret information, whether it's top secret or codeword, but it's secret information; correct?

THE WITNESS: It is classified information of varying degrees of classification. But it is all further compartmentalized and treated as a compartment separate from its classification, and it may even include unclassified data that is still compartmented.

MR. LIMAN: Now, if I can think of it in terms of a box which may have different drawers in it because it is sub-compartmentalized, within this general box of Iran did you consider the diversion of funds to the contras to be part of it?

THE WITNESS: Yes, I did.

MR. LIMAN: I'm sorry.

THE WITNESS: Being at least one part. It may have been the innermost box or it may have overlapped

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with other sub-boxes, but it was within that compartment, yes.

MR. LIMAN: And do you know now whether when you talked about the fact that people knew some of it whether you were referring to the fact that they did not know that subpart involving the contras?

THE WITNESS: I do not know whether that referred either way on that issue. It may or may not have been part of it.

BY MR. BELNICK: (Resuming)

Q But if there is no qualification, if you are just listing the people who know about it, then, as you understood it, they knew about the whole box?

MR. KIRK: Off the record for a second.

(A discussion was held off the record.)

BY MR. BELNICK: (Resuming)

Q Back on the record.

A The answer to your question is that no, when I wrote that I don't think I necessarily meant that even the people who have no caveats attached implied that they knew absolutely everything in the box. But it was some sort of differentiation of people that clearly were only in part of it, kind of incidentally, whereas the other people were generally in the box, not necessarily knowing all of it, however.

Q Who is Don Jones?

A I don't know. I'm not getting a recollection at all. I don't know.

Q But why did you make the note? Why was it relevant to you to know who was in the box in whole or in part?

A What's the next page? Could I see the page above it so I can get the context on both sides?

Q Certainly.

(Pause.)

A Can we go back one further page, please?

Q Sure. So now the witness has pages 56, 7, 8 and 9 before him.

(Pause.)

A Okay. And can we go forward until we get to the next date?

Q Sure.

MR. LIMAN: You can have all of your notes.

BY MR. BELNICK: (Resuming)

Q Here is page 55. Here we go. Fifty-four starts a new date. It appears to start May 20.

MR. LIMAN: And the trip was May 27.

THE WITNESS: Okay. It appears that my notes of this meeting at CIA headquarters on 19 May began here, on page 59, and I was looking for how far they go

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through, and I can't find the exact stopping point. But I think -- and I'm not positive of this -- that we're still in the meeting on page 57, that this is some discussion in that meeting of who is in the compartment and who isn't for the purposes of all assembled to know who they could deal with and who not to deal with in implementing the op plan and effect the trip.

BY MR. BELNICK: (Resuming)

Q Okay, fine. Thanks.

MR. LIMAN: Now there was no discussion at that meeting of giving money to the contras?

THE WITNESS: No.

MR. LIMAN: So that when they were talking about who knew and who didn't know, they were talking really about the Iranian transaction as such?

THE WITNESS: Correct.

BY MR. BELNICK: (Resuming)

Q And you recall somebody saying at that meeting that Secretary Shultz knew about the Iranian --

A That he was in the box generally.

Q And so was Noel Koch?

A Correct.

Q And so was Don Jones, who you can't recall?

A Yeah. I'm getting a blank on that name completely. I don't know who Don Jones is.

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Q Did you know at that time that Teicher was going to Tehran?

A Yes, I did.

Q Teicher you knew was going to Tehran but nevertheless somebody said he only knew part of the compartment?

A Yes.

Q And you can't recall now, as you answered to Arthur before, what part he knew and what part he didn't know?

A No, although I have some related information before or after, I think after. My memory is that Teicher didn't know much of anything about the arms side of this and really only found out because he was in the airplane, and that's when he was formally brought into that part of it, or compartment.

Q All right. We are moving now to page 45 of your notes, which don't have a date on them themselves but the nearest date at page 47 is 22 May 1986. The part that I'm interested in on 45 appears to be that -- is that your code again?

A That is -- that wasn't my code. That was a Nir code.

Q How would you have written this note? That is, were you taking it from the telephone? Was somebody

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communicating this to you?

A Probably from the telephone, yes.

Q And this is the code that we can break with --

A That which you have.

Q The document we have. You can't make any sense just out of looking at it, can you?

A I think I might.

Q Great. Go ahead.

A The first question from Nir is, are the passports [redacted] and my response to him was yes, or would have been to him yes. The second question is what is the tail number of the first -- and I will need the code sheet to determine exactly, but tail number indicates to me aircraft, so he's asking for some aircraft tail number. And I have to get the code to see exactly which aircraft he is asking about, whether it's one coming into Tel Aviv or one to Tehran or what.

How will it, the aircraft, identify itself to the tower in Iran? Saturday. And I think that's the end of that message.

Q Okay. Then next entry that I have marked is at page 43, May 23, '86. And it's an entry in the middle of the page that refers to Rich Miller on the left, with the Lake Resources account number, "call Texas man", and on the right is Ross Perot.

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I want you to take a look at that whole entry and then explain it to us, please.

(Pause.)

A Can I see --

Q Sure. Which page would you like?

A The one after this, 42.

(Pause.)

Q If you take a look at page 44, there are some references to Rich Miller on that page as well.

A I'm just trying to get everything here. I'm still confused on it.

(Pause.)

I am not sure whether this is --

Q Pointing to the note on page 43?

A Right. A call that I received from Rich Miller with this information or if it's a note that Colonel North has given me to give to Rich Miller. That's why I'm looking for context and timing, to see if I can get which one of those two. But it seems to me to be one or the other.

Q Do you think Rich Miller may have given you the Lake Resources account number?

A That's possible. I don't know which way this goes.

MR. LIMAN: Will this be the first time you had the Lake Resources account number?

THE WITNESS: I think so. Previous to seeing this the first time, again about a month ago, I would have said that I didn't have any of that, and so I didn't realize that at one point that I had been given the account number for that. My recollection of account numbers was strictly when the CIA called me up and said the money hasn't arrived; here's our account number. They gave it to me very carefully so that I could make sure there was no error in passing the number on to Secord.

But there are other numbers in my book as well, such as this one, that I hadn't remembered.

Let me set the general context because I'm still having trouble placing this exactly. This eventually involved the DEA operation with a group that had said that they would be able to obtain one or more hostages and turn them over to the DEA agents, and it eventually wound up being, the plan was to be an at-sea turnover. And this is connected to that.

BY MR. BELNICK: (Resuming)

Q The note on page 43?

A The note concerning Ross Perot is because Ross Perot's representative, Jay somebody, eventually came to my office, Colonel North's office where I was. Colonel

North was already abroad and was working the details of this out and eventually wound up flying to the region to be on board this ship for the turnover, if it had occurred.

The reason that this is all confused in my mind is that at one point in this week or two-week period, working up and getting him briefed and getting all this information about the Iran trip, Colonel North had confided to me that the thing, that this whole process had so affected him that he had even conceived of a plan that he could get money from Ross Perot for the contras by having him deposit some money ostensibly for hostages, but that it would go to the contras.

MR. LIMAN: Would you explain that more?

THE WITNESS: Well, it was never clear to me, because when I first me with --

BY MR. BELNICK: (Resuming)

Q Jay?

A Jay, and this DEA operation was occurring, the remembrance of that conversation occurred to me, and I feared that we were in that.

Q The remembrance of your conversation with Ollie?

A Yes, that this was somehow related to that. And it turned out subsequently that I was wrong.

MR. LIMAN: But was what Colonel North said to you in substance that the money that Perot had pleged to help get the hostages could be used for the contras?

THE WITNESS: Yes.

MR. LIMAN: And therefore you were concerned that when the Perot representative came to you, that that was what was occurring and then you found out that no --

THE WITNESS: That it wasn't.

MR. LIMAN: And that he was giving the money really for the hostages?

THE WITNESS: Exactly. I was greatly relieved once I realized what was actually occurring because that troubled me. I didn't mind at all taking the Ayatollah's money for that purpose.

BY MR. BELNICK: (Resuming)

Q But taking Perot's would be something else. How much did Perot give?

A I don't think he wound up giving anything. The DEA operation didn't materialize. There was no transfer at sea. And that's where I think the money was to have been transferred. I don't recall the amount, but I think it was on the order of $1 million that was being talked about for a transfer.

Q Did Mr. Perot deliver any part of that?

A Well, I think Jay, whatever his last name is--

Q You can't recall his last name?

A No, but I think it's probably in my notes elsewhere, had access to it out there.

Q Access to?

A The money, that he had brought it with him or he had picked it up en route at a bank, or that he was going to be the custodian of Ross Perot's money to affect the transaction, if it occurred, when the hostage materialized.

Q So far as you know, was any of Ross Perot's money delivered to North?

A Not to my knowledge, no.

Q Any walking around money, something to start the operation to give to the DEA agents?

A Not that I know of, no.

Q What was your meeting with Jay?

A Well, again my recollection of this whole thing is very confused. But he came to the office to get more information about this operation that was occurring, and I was trying to fill him in about an operation I didn't understand. So I was not being very helpful to him because I didn't understand what was going on.

At one point, I met, though, with a DEA agent and acquired more details from him on the operation so that I was able to then brief Jay and get the operation

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moving.

One of the missing elements in the operation, as it began to evolve, was a boat, a sufficiently large and safe boat, on which to effect the transfer off the coast of Lebanon. And so I went to JCS to see if we had any naval vessels in the area that could be moved and serve as a platform and received the answer back that there was nothing at that point available in the eastern Mediterranean.

Q. Did you find a solution for the boat?

A Yes. I then turned to Dick Secord, who was at that time in Tel Aviv, and explained to him that there's this operation that I'm not sure of. It appears to be occurring separate from the one we were working on Tehran, and that I couldn't get a boat from other sources. Did he have any ideas? And he did and was able to get and did move a boat to Cyprus.

MR. LIMAN: Was that the Erria?

THE WITNESS: I believe it was, yes. I'm not positive of that, but the name might occur in my notes and we could confirm that.

BY MR. BELNICK: (Resuming)

Q Who suggested that you call General Secord about the boat?

A I did. I was ad libbing without instructions

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and when (?) went the Defense Department was unable to provide I knew that Colonel North had a lot of faith in General Secord and that he seemed to be a person that could get things done when the traditional bureaucracy could not. And so I was sharing my problem with him to see if he could help, and he could.

Q You telephoned him in Tel Aviv?

A Yes. I talked on the telephone. I'm not sure how we communicated. We may have used a KL-43 for that. I think we did, for protection of the information because it was obviously sensitive.

Q How was Rich Miller connected to this DEA operation?

A Well, that's where I'm drawing a blank. I don't know which way this occurs right now and the date. There is something about the date that isn't tracking right.

Q May 23? It was a Friday, if that's any help. I think they left for Tehran that day, didn't they? The mission, I think, took off on the 23rd and got under way.

A I'm no longer certain. I'm pretty sure that Colonel North was gone at this point; otherwise, I would not have been groping for how to solve this problem. But I'm not positive. Like I say, it could have gone either way -- either to Rich Miller or from Rich Miller. But I

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think this is a call from Rich Miller telling me to call the Texas man, who would be Ross Perot, and give him --

Q The Lake Resources information?

A Give him this information, yes.

Q Do you recall whether Rich Miller had any connection with the DEA plan, the DEA operation?

A I don't recall any subsequent involvement, no.

Q Or any involvement apart from telling you to give the Texas man this account number?

A I don't believe so. I don't recall any right now.

Q Colonel North never discussed with you Rich Miller's role or knowledge of the proposed DEA operation?

A Well, I don't think Colonel North discussed the DEA operation with me at all, which was part of my problem.

Q How did you learn of it?

A By putting everything together when this all started to occur and getting in contact with the DEA individual and getting the details on the DEA operation from him.

Q Who is "he"?

A I'd have to have my calendar -- not calendar but list of phone numbers and names. It's one of the ones on there.

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Q How did you know whether this was an authorized operation?

A Okay. That's what I was looking for. Can we go off the record so I can read this?

Q Yes, sure. Go right ahead.

(Pause.)

Back on the record. Colonel Earl?

A Okay. One of the names that you earlier asked for, the DEA agent, [redacted] is one of at least two individuals that I knew Colonel North dealt with, that I talked to on the phone, and may be the one that I met with in this time frame, although again it may be the other one. I'm not sure.

Q Was the other agent named [redacted], or was he one of the other agents?

A Do you know [redacted] first name? Is it [redacted], [redacted]?

Q I'm not sure. We'll check.

A I think so, but I'm not positive.

Q Having looked at some additional pages of your notes, and let the record reflect that the witness has before him pages numbered 40 through 44 of his notes, my pending question was how did you find out that this was an authorized operation in light of the fact that North hadn't discussed it with you and that you were picking up

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bits and pieces.

A Well, there is later a message that I sent to Colonel North.

Q Reflected on page 41 of your notes?

A Forty-one, that lays out what is occurring back here in Washington that I'm trying to deal with and seeking his guidance. And subsequently he -- I don't see in the notes --

Q You recall?

A I know that he confirmed to me about the DEA operation and I think even said yeah, that's one I forgot to brief you on or should have and didn't, or something to that effect. There's no question in my mind that after he got back to me, when I passed him the message about what was occurring, he informed me to pursue it, and I think confirmed my actions with Secord, that that was the right thing to have done and so forth.

Q Did North ever tell you, either on that occasion or subsequently, who was in the DEA box?

A No.

Q Okay. If I may have the papers, and the note on page 40, in which you refer to [redacted] and that's the DEA agent, and these notes are additional references to the proposed plan?

A The DEA operation. There are people being out

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in a particular place that I can tell you where, if you need to --

Q It's not necessary. Page 39 of your notes, 24 May, code name for Ross equals Ralph. Is that Ross Perot?

A Correct.

Q And this is more about the DEA operation?

A Yes, I think so. Let me read the rest of it.

(Pause.)

Yes. The Ross Perot/DEA operation, yes.

Q What does this mean "he balked at first plan depositing after delivery. He couldn't see second plan either, cash, messy, hard to get over holiday weekend. Wants failsafe plan since they ripped us off every time."

A This was what really raised the issue with me having to deal with Ross Perot's reservations with certain portions of the plan as he understood it, and that Jay was trying to acquire details for him. And not being familiar with the plan I couldn't resolve, and so I am passing or making notes to myself to pass to Colonel North, giving him feedback on how the thing was evolving in Washington.

Q What did you understand Jay to mean when he said that they have ripped us off every time?

A "They" being, I think, the Iranians or whoever

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was alleging that they could deliver the hostages -- the Lebanese Shia or faction in Lebanon.

Q Did you understand from Jay that there had been prior attempts that Perot was involved in to get the hostages out?

A I don't think anybody said that explicitly, but by context in dealing with Jay there seemed to be a longstanding relationship. To me it seemed that they had dealt previously on hostage issues and so I was coming in midway along in the operation, that people had dealt with on this thing before.

Q Okay. On page 38 you have a note in the middle of the page that reads: "JMP, RCM, and OLN -- long relationship". What was that note all about?

A I don't know. I'm getting a blank. It doesn't appear to be related to anything top or bottom.

Q Those are Poindexter's, McFarlane's, and North's initials, right?

A Yes, those are the three individuals, but I'm drawing a blank on what it means, why I wrote it.

Q Okay.

A Not right now. I can't place it.

Q Does it help recalling this is the period they are in Tehran -- McFarlane and North?

A No.

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MR. LIMAN: Mark, can I ask some questions?

MR. BELNICK: Yes.

MR. LIMAN: Did North tell you why they had selected Bud McFarlane for the trip?

THE WITNESS: I don't think so, not explicitly. The question didn't really arise in my mind. It seemed logical to me, because of his previous involvement on it, that he could be an ideal intermediary because of his previous job -- not in the government now -- for this meeting with senior Iranian officials. It didn't occur to me to even ask the question.

MR. LIMAN: Did you know that North had a close relationship with McFarlane? It's been described as father-son by some people.

THE WITNESS: I am aware of that now, but I'm not sure when I read those press reports or heard Mr. McFarlane having stated something to that effect. I think that may have been after May, but I'm not sure what I knew then. I think I knew that they had great respect for each other -- it was mutual -- at that time.

BY MR. BELNICK: (Resuming)

Q Moving on to page 33, which appears to be a note from May 26, at the top of the page is that a report in from Tehran?

A Can I see the page before?

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Q Sure, page 34.

(Pause.)

A It appears to be my note that one of the radio calls back from Mr. McFarlane concerned the issue of whether to remain in Tehran to continue to negotiate, or to leave Tehran. But I'm not getting anything else on either side of it to give anything more than that.

Q Can you -- excuse me one moment. I have an emergency call here. Excuse me one second.

(Pause.)

Q When we broke we were looking at the message on page 33. So McFarlane was looking for guidance as to whether to stay in Tehran or to go. To whom was he addressing that question?

A It would have been passed to Admiral Poindexter and ultimately the President.

Q Do you recall passing the message to Admiral Poindexter?

A Not specifically, but certainly anything that I got would have been passed to him either personally or in a phone call, or I would probably have gone over to see him.

Q Do you have a recollection of what Admiral Poindexter told you?

A No, not in the specific context of this remark

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and whether it occurred right here. My recollection is that Admiral Poindexter was involved whenever necessary in guiding the operation, and toward the later stages, as it turned out that the Iranians were expecting something different than what we had in our understanding -- whether it was miscommunication or deliberate deception on Ghorbanifar's part and there was not this meeting of the minds as had been hoped -- that there were extensive secure voice radio calls direct between Admiral Poindexter and Bud McFarlane.

So that they would have worked out that sort of thing, the tactics of the negotiations, directly. I only could hear Admiral Poindexter's side of the conversation, although CIA can give you both sides.

Q All three sides, in fact.

At the bottom of page 33 there is a note "Jay in D. C. tomorrow". That refers to Perot's representative?

A Let me look. Yes.

Q And then part of that note reads: "0100 Beirut, Wednesday -- transfer." I guess that's referring to the proposed plan.

A The proposed transfer of a hostage, yes.

Q As part of this DEA operation, correct?

A Correct.

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Q Then the note reads: "300K immediately to Lebanon to show good faith". Who told you that $300,000 had to be transferred immediately to Lebanon to show good faith?

A May I see the next page after this one?

Q You have page 34 and 33. Here is page 32, which does have a note about the DEA. It's dated May 26.

A In fact, there is [redacted]

Q Then it says "Earl to Copp. I met with [redacted] to get more details", et cetera.

(Pause.)

A I think that this would have -- that I would have received this information, particularly your information about the $300K, from [redacted] either by phone or by personal meeting. I'm not sure which. They were the ones who were dealing with the faction that was claiming to have some control or suasion over the hostages, the hostage-holders, and would be able to, however they were going to obtain, at least one, that there was a wrinkle in the negotiations, that this was, from their side, the faction's side, a request that was being relayed to help move this thing along.

Q How did you understand the factions were asking for ransom payments?

A Well, it's not clear to me exactly how this

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thing was going to occur. It was that through DEA's contacts with this faction and their cooperation or work together in the past on other things led to this offer from the faction's side of some ability to be able to get their hands on at least one hostage and maybe more, and this that was involved would be transferred to the faction that would be delivering.

Now what that money was going to be used for by the faction was never clear, whether they were going to use it to pay off the hostage-holders, in effect acting as an intermediary on the bribe or ransom, or whether it was going to be used to fund whatever their operation was to acquire this hostage. That was never laid out.

Q But our side of it -- that is, the U.S. side of it -- was to pay money in exchange for getting the hostages out?

A It was to pay money to the faction. The transfer at sea would have been one hostage put on the boat and $1 million would be delivered to the faction -- not the hostage-holders but the faction that had acquired the hostage from the hostage-holders.

Q Do you know whether this faction was part of the hostage-holding group or not?

A I knew they were not.

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Q How did you know that?

A Well, I know what faction is and I know it's not the faction that's holding the hostages.

Q Okay.

A Off the record?

(A discussion was held off the record.)

BY MR. BELNICK: (Resuming)

Q Okay. Let's go to page 31, notes that appear still to be on May 26 referring to Tehran. It starts: "For JMP, guidance on team split or Bud's call".

A I'll read it for you, if you want me to.

Q Why don't you read the notes? You will recognize them better.

A Let me just read quickly both sides.

(Pause.)

All right. Okay. This is a note that I am to deliver to Admiral Poindexter. Three points. Point number one is that the team in Tehran needs guidance on the issue of whether -- guidance on whether the team should split up, that some portion of the team should return, which would probably be Bud and some of the others, and that a residual would remain to continue to negotiate, and that there were some hopeful signs, but because of the mismatch on understanding at the beginning that it was taking time to build confidence and converge

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on the solution -- whether that would be a decision taken in Washington by Admiral Poindexter and the President or whether it would be delegated to Bud McFarlane to make that judgment.

Secondly, do you know the time of Bud's requirement here Thursday? One of the driver's for Bud's return was that he had a speaking engagement or some kind of obligation in Washington and so he would be missed from that and op sec would be jeopardized if the press began to pick up that he was gone from Washington for this period. So it was an op sec worry -- operational security.

And three, Bud's wife, home.

Q We can pass that one.

A I think it's personal.

Q I'm sure it is.

Moving down the page, it says: "Bud, extreme paranoia, met by Ghorba and [redacted], et cetera. What are those notes about?

A This is a note from Bud McFarlane which is a recap of some of the issues, the status of the negotiations as they are occuring there for me to pass to Admiral Poindexter and further up the chain. Do you want me to explain them?

Q If you would.

A That our team in Tehran had been met by Ghorba and one other person, who I prefer not to name.

Q An Iranian, correct?

A Correct. That there was extreme paranoia in the country amongst the Iranians, although we knew that going in. Just going there and seeing it firsthand and observing it made it even more crystal clear that it was not rubbish, that it was real, that these folks were paranoid about us and that that was one of the problems with getting cooperation, that this first meeting was only a foundation meeting, as the way it turned out, that there had been a bad faith accusation that not all the supplies were delivered quickly on their part when the team arrived without the 500 TOW parts, which was apparently the misunderstanding between the two sides, that the Iranians claimed at least that they thought the 500 parts would arrive, and so they accused us of bad faith.

And Bud is saying here that they were able to explain that very quickly, the miscommunications between the two sides, and I think most people recognized that Ghorbanifar was instrumental in causing that miscommunication by his telling each side what he thought it wanted to hear and not being a faithful intermediary.

Our plan had been to leave the crew on the

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airplane to protect the airplane, the TOW parts that were on it and so forth, and that they didn't stand for that and removed the crew from the airplane, but that they eventually apologized for having done that. Again, that was their first reaction on paranoia, but as they began to talk to us they began to realize that they had overreacted.

However, they still cannot overcome the trauma of speaking with the great Satan. That is still a hangup with them. The paranoia is real. And that Bud had stressed to one of the Iranian intermediaries at this meeting that we must first remove the obstacle, the principal obstacle, all the obstacles to the normalization of relations with the United States. In other words, the hostage issue is the sine qua non. Without that, we cannot proceed with the development of the strategic relationship, that that was an obstacle, and Bud reinforced that with the Iranian side.

So that we accomplished that firsthand, direct, for the first time. We've made that point in the past to them, but never direct, and now we were making it direct to them without this intermediary who was filtering everything.

A couple of milestones that had been obtained in this meeting, that with the time of several days of

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face-to-face negotiation that both sides apparently agreed that they would end the rhetoric on both sides and that they would begin to talk to each other on substance without rhetoric, and that we needed to establish communications directly between us and exactly the mechanics of that weren't worked out from the U.S. side. They wanted to have an actual team there to pass secure information direct, but that was one proposal. But at least the principle of establishing direct communications between the two sides was recognized on both sides.

Two other points, one of which I didn't get around to writing. It could have been -- well, I don't know what it was, but number two was that there would be no further terrorist attacks against us, the United States. That was again emphasized directly to them. We previously had made that clear to them, but we never really knew for sure that they had received it and understood it and that it wasn't negotiating posturing on our part, as conveyed by Ghorba, but that Bud felt he had made that clear to them and they understood it.

But the bottom line was that further maturation of this relationship was going to be painfully slow and it was just going to take a lot of time, that it was not going to be easy. It was something where we had been wrong, I guess, in thinking that we had had this

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meeting of the minds enough that we could clearly expect instant results, as in all the hostages to be obtained for us and delivered and then go from there, that it was going to be much more difficult than that.

Q Thank you very much. On page 30, at the bottom of the page, which refers to the M. S. Erria, and has other lines, am I right these notes again refer to the ongoing DEA operation and Dick, who I take it is Secord?

A Correct.

Q Is telling you that on May 27, 1986, per this note, that the Erria is now on station in effect ready to receive the hostages?

A Correct, yes.

Q Was there any discussion anywhere at this time as to whether the DEA operation which was going forward and the Tehran meeting, which was simultaneously going forward, were inconsistent with one another?

A I don't recall any specific addressal of that subject in this time frame. More generally, though, relevant to your question is a strategy, if you will, that my observation is that the U.S. side was adopting on the hostage issue, which was to proceed simultaneously on multi fronts in that there were so many dry holes out there as to what would succeed that you couldn't put all

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your eggs in one basket and try one approach, and that that would be the most effective way to go at the hostage issue, that because there were so many dry holes you had to take that risk of occasional interference between a couple of your initiatives, but that you had to simultaneously proceed on a wide variety of fronts in the hopes that eventually one would pan out and lead to results.

Q Did Colonel North ever talk to you -- strike that. Let me start with Admiral Poindexter. Did Admiral Poindexter ever convey to you a sense of the President's view on the hostages? That is, we've heard that the President was personally consumed with the problem of the Americans held hostage and with the desire to obtain their release. Did Admiral Poindexter ever give you any sense of the President's feelings on that matter?

A Well, let me answer that in a couple of ways. I'm not recalling a specific instance exactly as you have asked the question, did Admiral Poindexter say the President said such and such, but in this particular time frame --

Q May '86.

A I was getting pretty instantaneous almost, pretty direct and rapid feedback from the meetings that Admiral Poindexter would attend with the President. For example, whenever there was an issue to be resolved, as in some of the ones we referred to asking for guidance, split the team and so forth, that Admiral Poindexter would almost immediately thereafter or very soon thereafter brief the President.

Q While the Tehran mission was in progress?

A Yes. The President received daily briefings on it and usually more than once a day, I would say, that he was being briefed on the ongoing operation. I don't have a specific recollection of feedback from those meetings, although there may be something in the notes.

But my general recollection is that the President was being briefed on the status of the operation, was aware of it, understood it, disappointed as we all were with the slowness of it and some of the problems, but -- well, I can't really go much further than that.

Then, wider than that, not just this time frame or Admiral Poindexter, I had a generalized knowledge of an intense interest and concern for the hostages, the hostage issue, the hostage families.

Q On the part of the President?

A On the part of the President. One of the recommendations, for example, that I got involved with on the Vice President's Task Force, because there were hostage family meetings being asked for in that time frame with the President, was a proposal to, if you will, protect the President from the emotional pressures of such a meeting by announcing publicly a policy that while there were hostages held by, whether it is an Achille Lauro or TWA 407, or a short-term thing or long-term thing such as the Tehran one, the Tehran one during the Carter Administration, or this one in Lebanon, that the President, at least the President but perhaps also the Vice President, but at least the President would announce that it was a policy not to meet with hostage families so that he would not personally be subjected to the emotion of a distraught family coming in and making this humanistic, this human appeal to his heart to do certain things that in a more deliberate and considered fashion and objective, considering the welfare of 230 Americans and the implications for hostage-taking in the future, might not be in the national interest of the country but would be, if your scope, if your focus was strictly this one hostage or this group of hostages and their families, that the hostage family interest didn't necessarily coincide with the U.S. government interests in this particular aspect.

Generally we wanted the hostages back. We certainly had coincidence of objective in that, but the tactics one would use and what one would be prepared to do to effect that did not necessarily coincide. I and others tried to float that idea as a policy and it was considered in the interagency process. It was a very sensitive one, but ultimately it was not accepted and it was not printed up in the VP Task Force report.

But my involvement with that caused me to realize how sensitive an issue this was politically, that even though our people would acknowledge the merit of that argumentation rationally, objectively, still there was a political constraint against appearing to be insensitive by announcing that you weren't going to meet with hostage families, that that was considered to be unacceptable politically, even though it would help the President to be more objective, to remain objective in dealing with hostage issues, that the Administration could not be that callous as not to meet with hostage families.

So I am aware of that whole discussion. I am aware of hostage family meetings that were held with the President and Vice President, and in all cases, as the drafters of this proposal had anticipated, the principals involved -- the President and the Vice President -- were very much affected personally and emotionally with the families and their appeal. And it just can't help but

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have some impact on an individual.

So my own feeling from dealing in bits and pieces of this is that the President was emotionally affected by the human concern of getting the hostages back for the families, doing what he could.

Q And here was the additional concern also, wasn't there, of Mr. Buckley.

A Oh, very much so. While there was always some -- the two cases of Mr. Buckley, on the one hand, and other hostages, private citizen hostages as opposed to U.S. Government employees on the other, were always considered at least different in the sense that one was there under orders from the U.S. Government and, therefore, the government had a very strong obligation to protect that individual and try to effect his return.

Similarly with private people, but not as -- the other case was even stronger. But there was a general sense of obligation for any U.S. citizen that happened to find himself in this situation. It was mitigated a bit by the fact that the State Department had over years been putting out travel advisories and that these people had, by their own choice, chosen to ignore the travel advisories and remain in a very dangerous area, Beirut and Lebanon in general, since the civil war, and that, therefore, they were on their own initiative,

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placing themselves in harm's way, which is quite different from the U.S. Government employee who was being directed by his government to go into that situation.

So there was some difference there.

Q Did you ever hear Director Casey talk on the subject of the hostage release or Mr. Buckley's situation in particular?

A No. I don't believe so. I was aware, again, by this juxtaposition of people and ambience, really, of dealing with the Agency, my judgment would be that the CIA was consumed with this issue, that one of their own was in harm's way, and that they were doing everything possible to try to seek his safe return, that they felt that obligation.

Q Sure. I understand that. Did you hear that from any of the Agency people with whom you were dealing on the Iran initiative?

A Not that I can recall explicitly. It's almost an irrelevant question to me. You didn't have to -- although the extent of the consuming nature of it made an impact on me when I went out and visited another unit concerned with terrorism in general, not specifically the hostages. So they were peripherally involved, but not directly.

There were some photographs or artist's

sketches -- I forget which -- luckily that had been prepared and that were up there on the wall showing before and after.

Q This was at Langley?

A Yes. The impact of this, that one of their own was in harm's way and needed help, was obvious to me, that people were very much concerned with this issue and trying to do what they could to get him back.

Q Okay. Let's move on now to page 27 of your notes, Bob, which appear to be on -- well, let's go to page 28 first, which appears to be May 27, 1986, and it seems to be reporting secure telephone conversation between Admiral Poindexter and Bud McFarlane. Am I right?

A Correct.

Q Would you just review those notes for us and explain what they mean?

(Pause.)

A In this secure -- well, it's telecom, but it's really via secure radio, but the instrument that Admiral Poindexter had in his hand was a telephone, in talking to Bud McFarlane the first point that Admiral Poindexter made was that he, Admiral Poindexter, had briefed the President on the first hard copy message that Mr. McFarlane had sent back, which was again -- and if you

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have that message that might help me with later things.

MR. LIMAN: We do have that.

THE WITNESS: All right. That might help with the second point, because I am unaware of those conditions.

BY MR. BELNICK: (Resuming)

Q While we are getting it, let me say that in the first meeting Mr. McFarlane reported that the Iranians who he saw imposed all kinds of conditions above and beyond whatever one thought had been agreed to, including Israel would get out of the Golan Heights and that the Da'Wa prisoners would be released and so on and so forth.

MR. LIMAN: And that the arms had to be shipped first before they would release the hostages.

BY MR. BELNICK: (Resuming)

Q Right.

A Okay. I think those are the conditions Admiral Poindexter is referring to here. I am not sure of point number three, but I think it may be a reference to the proposal that was surfacing at that point in order to force the issue of launching the second 707 from Tel Aviv so that we could show good faith to them that they were en route, but we would still have control over it so that if they didn't deliver on their side that we could

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turn it around before it ever entered Iranian air space. But I'm not positive of that.

Q Is that the turning around of the aircraft?

A Possibly, but it may be something else. But that's certainly one possibility, that that triggers.

Q Let me stop you there. Do you recall whether an order was given during that trip for the second aircraft?

A Oh, yes, that did happen.

Q Who gave the order?

A Well, I don't recall specifically. It seems to me it was Bud McFarlane, but my recollection is it was cleared by everyone. I mean, everyone was aware of it. It was in these phone calls and hard copy messages back and forth discussing what to do to take action in response to the situation as we then saw it, that that was agreed to by everyone as the way we would proceed on attempting to put a little more pressure on their side and get some success out of this thing before the party left.

Q Put more pressure on them by having the second aircraft carrying the arms leave Tel Aviv?

A Yes, so that the U.S. side could say they are en route now. You have sent your folks to deal with the hostage-holders. You show something from your side and

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we will have, and they will be here in X number of hours.

Q Did Admiral Poindexter approve that order, as far as you recall?

A I can't recall specifically, but it's inconceivable to me that that would have occurred without Admiral Poindexter being aware of it and approving it. That wasn't something that --

Q Same for the President?

A -- that anybody would have generated on his own.

Q The same for the President as you understood the chain of command in this?

A I would assume so generally. Whether that specific level of detail of tactics would have been briefed and approved by the President, I don't know. But certainly the more general context in which that arose seemed to me to be going to the President.

Q That order was given and then subsequently the order was reversed and the aircraft was sent back?

A When they flew for several hours, two hours-something, when they came to that point, at which we were supposed to have something to show for it on the Iranian side, there was nothing and we were getting continued delaying and stalling tactics and the Iranians then -- the aircraft was ordered to return. I think it had a

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fail-safe built in. The crew was briefed that if they got no communications at that point that they would turn around.

So even if we had a radio problem we were not going to have inadvertent delivery of the second aircraft.

Q Go to condition 4 on page 28 of your notes. What does that say and mean?

A I think that -- "what about the Wednesday New York commitment" --

Q Is that Bud's speech?

A I think again that's the op sec problem of how do we deal with this speaking engagement that Bud had.

Q Okay.

A Then there is a reference to the plan at this point, at 10:43 Eastern Daylight Time, that the plan was to have the party depart, meaning local tomorrow, which would have been noon, local Tehran time, the next day.

Q Arthur has the hard copy message from McFarlane.

MR. LIMAN: I will give it to you from the Tower report because it is easy to read there. It starts at B-100, which is their arrival, and it goes on to B-103, which is another hard copy.

(A discussion was held off the record.)

BY MR. BELNICK: (Resuming)

Q Okay. Moving to the next note on page 27, which still seems to be May 27, is that a message from the top by Secord about a decision by the Prime Minister of Israel?

A Correct. This is a message from Secord that I am to pass to Bud McFarlane and Colonel North.

Q And what is the message?

A The message is "Peres has directed Nir to return to Israel with Bud McFarlane".

Q Did Secord give you any more information than just that directive?

A I'm not positive, but I am getting an indistinct recollection that there was some issue of how the party would return and the routing and so forth, and it was a possibility of bypassing Israel on the way out in order to get Bud back for this meeting, if we were going to preserve op sec, and that this pertained to that, that Nir was wanted back in Tel Aviv. So I think that relates to the routing issue and the timing of the party coming out of Tehran.

MR. LIMAN: May I ask you a question? In light of your prior recollection of a plane leaving, the notes that went back to Washington, including the May 27 note, which is on B-115 of Tower, reflect a rather

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persistent request by the Iranians that the second plane be allowed to leave and an obstinacy on the part of McFarlane, saying that he will not let the plane take off until the hostages are released?

You may know that McFarlane has testified that while he was sleeping North directed that the plane take off and that McFarlane cancelled it. Does that ring a bell with you at all?

THE WITNESS: No.

MR. LIMAN: Do you have an actual recollection of these events about the second plane, or is it all just reconstruction of your notes?

THE WITNESS: I think there might be some notes that might help. I have a distinct recollection of dealing with Secord on the communications with the airplane and talking to Tehran and implementing in real time the flight and the turnaround and that time frame. I know the airplane took off. I know it went to the turnaround point, and I know it returned.

MR. LIMAN: But did anyone bring to your attention that there was a disagreement between either North and Secord -- I mean, between McFarlane and Secord or McFarlane and Ollie on whether that plane should have taken off?

THE WITNESS: No, not really. It's possible,

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because it seems to me we had a very fluid situation here and a lot was not as we expected it. And so people were improvising and trying to decide how to deal with this situation and split the party or not, and this issue of part of the plane, did it at least go partway, that it seemed to me, one, that the staff dealt with this proposal and that it would be approved or not approved as it was investigated, pros and cons weighed and so forth.

BY MR. BELNICK: (Resuming)

Q Take a look at the note on page 28.

A Oh, that's good. Wait a minute. Which plane, though?

(Pause.)

Okay. This is good.

Q Looking at the notes on page 28 --

A Correct. I think this is a message from Bud rather than to Bud.

MR. LIMAN: What does it say?

THE WITNESS: I'm not sure of that now. Wait a minute. Anyway, the message either for or from him is "coming into a delivery", and I think that means hostages. Counsel points out the previous entry that puts it into some context. Guidance from Admiral Poindexter was to continue as planned.

This is interim guidance for the party, that

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there are some issues pending for resolution, and the interim guidance is to continue as planned, but that there would be a call at 2:00 p.m. Eastern Daylight Time, that Admiral Poindexter would call personally and resolve the pending issues, whatever they were.

All right. Then down to the six points listed under Bud. One is commitment to delivery, and I think that refers to the hostages, the consummation of the deal, the hostages in exchange for parts. Secondly, that the aircraft is to take off tonight and I'm not positive, but I think that refers to the 707 that held the bulk of the HAWK parts.

BY MR. BELNICK: (Resuming)

Q The second one.

A The second aircraft. I'm not positive, but that's the way I read it right now. Point three -- okay -- is that if our Ambassador, the U.S. Ambassador in Beirut doesn't report that the hostages have showed up in Beirut, then the aircraft will turn around three hours after takeoff.

Q So now you are more confident that those notes refer to the second aircraft?

A Yes. Point four, that there will be follow-on meetings between the Iranian side and the U.S. side. This is eliminating the obstacle to progression of

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relations. That would solve it; then there would be follow-on meetings and the relationship would continue to develop.

Point five, that we, the U.S., would at least be open to receiving any follow-on requests for equipment. And, point number six, that at noon tomorrow, which is 0530 Eastern Daylight time, our team, Bud's team, departs.

MR. LIMAN: What day is that message?

THE WITNESS: You got me.

MR. LIMAN: Is that the 27th?

BY MR. BELNICK: (Resuming)

Q I think it's the 27th.

A Let's see. Yes, the 27th is on both sides.

MR. LIMAN: What time did they say they were going to depart?

THE WITNESS: 0530 Eastern Daylight time is the departure of the team. And that's -- what is it, seven and a half -- it's 1300.

BY MR. BELNICK: (Resuming)

Q Yes, 1300 hours, 1:00 in the afternoon.

A Tehran time.

MR. LIMAN: Yes.

BY MR. BELNICK: (Resuming)

Q So looking at those notes it's still your

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recollection that the order to the second aircraft was an authorized one?

A Oh, yes. I mean, even though I still can't quite -- I don't know whether it's to Bud or from Bud, but in some way it's my recollection that Bud is very much aware of all this, either telling us the proposal or we telling him.

Q And Admiral Poindexter is aware of it? Indeed, he's given the guidance, correct?

A Well, depending on which way that is. If this came from Bud to me, I would have passed it to Admiral Poindexter. If this is to Bud, it's coming from Admiral Poindexter.

Q But either way Poindexter knows?

A Exactly, yes.

Q Thank you. Also, looking just again briefly at the balance of page 27, there are a number of notes there which, if I'm correct, refer to the continuing DEA operation which is in progress at the same time as the Tehran meeting, right?

A Well, they are intermixed.

Q Yes, but the references to [redacted] to Jay, to Ross, that's to the DEA?

A Yes, both operations are intermixed.

Q Do you recall when the government, our

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government, learned that Mr. Buckley had been killed?

A Do you have my calendar? Those --

MR. LIMAN: Do you remember what the event was? If you just tell us the event.

MR. LEON: This is Ollie's calendar.

BY MR. BELNICK: (Resuming)

Q Was it in connection with the release of any of the hostages?

A Well, I am trying to recall a memory I have of an announcement, I think it was, from the Iranian side -- I mean, the hostage-holders, from Lebanon -- that he had been executed.

MR. LIMAN: But that message came at the time of the Libyan bombing. Well, they did announce at that time.

THE WITNESS: But there was something before that, I think.

MR. LIMAN: But you wouldn't necessarily credit a message that came from the hostage-holders?

THE WITNESS: Oh, no, no.

MR. LIMAN: Was there some other harder evidence that led you to conclude he had been killed?

THE WITNESS: Well, there are other people who have all the facts together on that that would be able to testify very accurately, Charlie Allen being one. There

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was a series of bits and pieces over time that had accumulated that eventually caused the government to --

MR. LIMAN: Do you remember one of the hostages in the Middle East and he was debriefed in the summer of 1986?

THE WITNESS: Yes.

MR. LIMAN: And do I assume you saw the debriefing about the fact that Buckley had been suffering and coughing?

THE WITNESS: Yes, and that was further details that confirmed what was believed but not known for sure at that point, that he had either been executed or had died under interrogation or had died as a result of neglect.

MR. LIMAN: Because at that time the demand then became for the return of Buckley's body. Do you remember that?

THE WITNESS: I don't recall when that became.

MR. LIMAN: But you remember that some change did occur?

THE WITNESS: Oh, sure. At some point there was no longer any doubt with it, and I think the Iranian side virtually acknowledged it [redacted]

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BY MR. BELNICK: (Resuming)

[redacted]

A So it became we would like his body back [redacted]

Q At the time of the Tehran mission you believed he was still alive?

A That's why I'd have to go back through my notes. I'm not sure. Someone else who followed this like Charlie Allen would be able to give you exactly when we began to know this and the accumulation of evidence that it was a very real possibility and people began to believe it. I'm not sure. It's a longer-term evolution of belief that he was dead.

Q One other question before we go back to the notes. Did you ever discuss with Admiral Poindexter that any of the funds from the Iran transactions were being used for the benefit of the contras? Did you discuss that subject with him at any time?

A I don't think so. I don't think that ever came up.

Q Did you ever hear him refer to it?

A I don't think so. I just don't think it ever came up in my conversations with him and meetings with him. My assumption was that he knew, but I don't think I had any firsthand acknowledgement of that.

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MR. KIRK: Off the record.

(A brief recess was taken.)

Q This is a note on page 24. It's still May 27, 0115 Eastern Daylight Time. "We are departing because the Iranians don't even have control of two hostages." From whom did you get that message?

A I'm not sure whether it was direct or indirect from somebody in the party. I don't know. I don't recall who in the party it might have been. It may have been Bud. It may have been Teicher.

MR. LIMAN: Somebody in the party?

THE WITNESS: Yes, somebody in the part, but again it may not have been direct. It may have come through Secord, because sometimes they had direct comms when ours weren't.

Q But they were telling you that the people --

A That the party was departing because --

Q The people with whom we were dealing with didn't even have control over two hostages?

A Correct, because that was one of the compromise solutions that was arrived at in one of the later stages. Well, how about two now? We'll give you two now and work on the others later -- I think. You just triggered a memory. I'm not positive of that, but even their fallback position -- that's why the "even two"

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makes some sense -- that even this more modest counterproposal from the Iranian side they couldn't deliver on.

Q You have a note on the next page, 23, which is May 28, 1986. It looks like a briefing by Bud McFarlane. Is that what it is?

A Yes.

Q Bud briefing you or are you taking notes at a meeting of him briefing someone else?

A What day are we on?

Q May 28. May 28 is indeed Wednesday. The party was supposedly lifting off.

A Let me read this to be sure.

(Pause.)

I think it's coming from -- I think this is a message from Bud to me just recapping --

Q Tell us what the message was.

A That the U.S. delegation did come to Tehran and were accepted by the Iranians. We, the U.S., have opened a door that has been closed to us in the past for many years, and now there is finally some air going through this open door, that the suddenness of this change has scared the Iranian side, the interlocutors, from their side, but we expect them to come back to us in some period in the future -- a month, a week, several weeks -- that they, the Iranian side, are sobered by our firmness, that they are serious in helping [redacted] and perhaps Nicaragua, which was one of the terms of reference in some of the confluence of interest between us and the Iranians on certain issues, that the whole experience was very frustrating but nonetheless worthwhile, and that they were intending to arrive at Dulles 6:00 a.m., local EDT.

Q And that was Bud McFarlane's position as he conveyed it to you at that time?

A At 10:13 Eastern Daylight Time, correct.

Q And then you briefed Admiral Poindexter? That would have been your practice?

A That would have been my practice, to, as soon as he was available, and during the day, at some point that day, he was certainly available that I could pass that on to him.

Q And given the way things were going at that mission your understanding would have been that Poindexter would then probably have briefed the President on what McFarlane had reported?

A On whatever he felt was appropriate from that. Again, I'm not sure that the level of detail would go forward.

Q Would you consider agreement to help with

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[redacted] and Nicaragua would have been just a detail?

A I really don't have any basis to judge where the detail line would be drawn with the President. And then there's a follow-on note unrelated to that. At some point after it there's my note that Admiral Poindexter briefed the President at 9:30 and a question -- I assume that it's coming from the President -- of whether we should look at other alternatives and that there's a possibility that Bud, when he returned on that Thursday, arriving at 6:00 Dulles, would have a meeting with the President later that morning at 9:30.

Q Do you know if he did?

A I think he did. It may not have been exactly 9:30, but I met the party at Dulles. It was early, at 5:30, and everybody went home in order to freshen up and get ready. But there were plans to meet later that morning at the White House complex. I'm almost positive. I'm pretty sure that they briefed the President later that morning.

Q Did you receive a report on that briefing?

A Not that I can recall specifically. There may be some notes on it that occurred.

Q I haven't seen any.

A The situation by definition had changed at this point now that Colonel North was back, and so he

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would be talking to Admiral Poindexter, and so I may or may not get some feedback from Colonel North.

Q Do you remember Colonel North telling you anything about the briefing of the President?

A Not that I can recall right now. Nothing substantive is jumping out. I think that I recall that it was talked about after the fact a little bit in some way, because I think I have a recollection that Howard Teicher and Colonel North talked, because I think both of them went to that meeting. But again I'm not positive of that.

MR. LIMAN: Was the sense that you had one of disappointment?

THE WITNESS: If you were forced to encapsulate this in one word, that would probably be the fairest word, that a major operation with great risk had been undertaken.

MR. LIMAN: And failed?

THE WITNESS: And failed, although the door was not shut. There was some potential in the future, but it was certainly disappointing that it had not succeeded as folks at the beginning had been led to believe, through Ghorbanifar, that things were going to go. It certainly wasn't as anticipated.

So with those caveats I would agree with you,

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yes.

BY MR. BELNICK: (Resuming)

Q Okay. Let's take a look at page 20 of the notes, which appears to be May 29. And there's a reference to Rich Miller, "urgent", with an arrow pointing to a line that says "Phil Mabr~~e~~y contacted, Western goals, and recant all he has said, news confer", short for news conference.

What do those notes mean?

A I think there was a phone call from Rich Miller with a message to be passed to Colonel North, the substance of which was that this individual, Phil Mabre, had contacted Western goals, whoever they are, and was in effect recanting all of his previous positions and accusations and was about to hold a news conference in order to do that.

Q That's as much as you recall now?

A One other addition, without knowing the specifics, but my general sense from the tenor of this or related ambience, for lack of a better word, was that the previous position that he was recanting was a bunch of accusations about -- well, I'm not sure what -- things adverse to the contra cause, whether it's corruption or drugs or something that was unfavorable to the cause of the contras.

So that it was a favorable development for the contra cause that he was now going to tell the truth and say that he had been lying in the previous accusations or statements.

Q Okay. There's a note on page 15. Take a look at that note before I read any of it into the record. Does that pertain to the Iran compartment?

A Could I see both sides?

Q I think this will help you. Page 16 is completely redacted except for some names at the bottom.

(Laughter.)

This, I believe, is page 14.

A What date are we?

Q We're around the end of May or early June. I think we're in June by now. Yeah, I think we're around June 10, June 11.

(Pause.)

A I'm still trying to focus on the names. I'm not getting anything, obviously, from the context. There isn't any.

Q And I'm not sure whether it pertains to the Iran thing, and I don't want to go into it if it doesn't.

MR. LIMAN: You know who Murphy is, don't you?

THE WITNESS: Ambassador Murphy.

BY MR. BELNICK: (Resuming)

Q He knows who the people are. We are just trying to fit it in.

MR. LIMAN: Ambassador Murphy was Ambassador for where?

MR. BELNICK: He was Assistant Secretary for Near East.

THE WITNESS: Yes.

MR. LIMAN: What were the six initiatives that were proposed?

THE WITNESS: I think if I could look again -- I think that pertains to Syrian terrorism. If you want to go further, I can.

BY MR. BELNICK: (Resuming)

Q No.

A One of the points on the top part I don't think -- no, there are some names in there that lead me to believe it was not Iran.

Q Let's go off the record a moment.

(A discussion was held off the record.)

BY MR. BELNICK: (Resuming)

Q Back on the record. Now we are in what appears to be the middle of June 1986 on page 13. You have notes that start the top "VAXB". Is that a PROF machine, VAXB?

A It's not PROFs. It's not IBM, but it's a different computer system that is supposedly taking over and consuming, replacing IBM. You get into proprietary competition here.

Q All right. It's a message-transmitting system, right?

A Yes.

Q Is this a message from Copp, namely Secord? What I'm really interested in is the language that appears next to the [redacted] [redacted] Is that "Central American proposal"?

A It could be covert action.

Q Why don't you take a look?

(Pause.)

A Well, it still could be either.

Q Why don't you read the note into the record and tell us what it means?

A The note is point number one.

Q This is [redacted]

A From [redacted] on the CA proposal, and I'm not sure whether it is cover action or Central American. It could be either one.

Q What about point number two?

A Point number two does put it into a Central American context, "provide secure training in [redacted]

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[redacted] Three is "provide arms and ammo."

Q Doesn't it seem to you from the context that CA probably refers to Central America?

A Well, it still could be covert action in Central America, so I still don't know. But certainly it wouldn't be wrong.

Q Okay. Anyway, the context is referring to a covert operation in Central America?

A Well, it may not be a covert action.

Q Some action in Central America.

A Yes.

Q To whom did you convey [redacted] message?

A Can I see both sides?

Q Sure. What do you have there, 13?

A Yes.

Q That is 14. Here is 12.

A Are you sure that's 14?

Q Yes, only because it comes between 13 and 15.

A It's not misfiled?

Q I don't think it's misfiled. That's how it was given to us anyway. Do you recall reporting this to Admiral Poindexter?

A What date was that?

Q I think June 15, 1986 -- June 15 or 16. June 15 happens to be a Sunday, so it may be June 16.

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A It's 16 or 15.

Q Probably 16.

A Well, your question strikes me a little bit strange because I'm not sure whether Colonel North is out of the country. If Colonel North is in the country, I have no reason to report to Admiral Poindexter.

MR. LIMAN: Well, we have his diary. We can find out.

MR. BELNICK: What does North show on June 15?

MR. LEON: On June 15 he shows nothing. On June 14, nothing in terms of being out of the country. He shows meetings all day the 13th and on the 16th he shows meetings all day.

BY MR. BELNICK: (Resuming)

Q So he's in the country, and assuming that's so then you would have reported this to Colonel North?

A That is my normal assumption, messages that I'm getting from whoever or from Colonel North, yes.

Q Do you know anything more about this proposal that's reflected on page 13 of your notes other than what you've written down here?

A I'm just trying to see if it relates to this down here.

Q On page 12?

A Yes. The answer to your question right now is

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no, but let me see this.

(Pause.)

It may or may not be related. This --

Q Page 12?

A The bottom of page 12 appears to be some discussion of terrorism or international terrorism in the Central American region and the extent to which Nicaragua has been cooperating with international terrorists or states that support or contribute to terrorism.

Q Including the PLO?

A Correct. A base of PLO is Nicaragua is one phrase. The PLO has cooperated with the Sandinistas. There is a PLO base there.

Q Let's go back to page 13.

MR. LEON: Mark, I just noticed something. On Tuesday, June 17, it says at 9:30 -- I don't know what it means, but it says "OLN returns". It doesn't say from where.

MR. BELNICK: That's in Ollie's diary.

MR. LEON: It's in his diary on the 17th. I don't know what that means. Maybe it jogs any recollections for you?

THE WITNESS: No. My best reference would be my calendar, if you have that.

BY MR. BELNICK: (Resuming)

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Q Let's take a look.

(Pause.)

Vickie will look for that while you are looking at the remaining notes on page 13, which appears to pertain to pricing in the Iran arms transaction.

MR. LIMAN: The June 16 note?

THE WITNESS: Right. There is a note on 16 June where it defines actual, as in actual prices, as the higher prices of the two between what were called real and actual prices. So real --

BY MR. BELNICK: (Resuming)

Q Was the Economy Act price?

A Real -- whatever price the CIA charged, was charged by DOD, that's real. Actual is 3.7 times that.

Q And actual is what was charged to the Iranians?

A It went forward in some way through that intermediary and I'm not clear on it.

Q Apart from any markups?

A That Gorbanifar may have had on top of that, that's correct.

MR. LIMAN: And you wrote the 3.7 factor and that was to convey that the price that was charged to Ghorbanifar was 3.7 times what the CIA/DOD price was?

THE WITNESS: Yes.

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MR. LIMAN: Did you ever actually do the arithmetic, have the number, the CIA/DOD price, and then multiply it by 3.7?

THE WITNESS: Yes, sir. I did a lot.

MR. LIMAN: And then was it rounded off, because obviously the price that was charged to Ghorbanifar was, as I recall it, $15 million or it wasn't the kind of -- you know, you didn't get the odd dollar figure that you'd get if you used 3.7.

THE WITNESS: I don't really have a specific recollection of that. My recollection, from your question, is that about a ten or 12-page document which had all the HAWK parts on it and the nomenclature and the FSN and so forth and the quantity desired by the Iranians had two columns on the right. One was the actual price, which was the DOD price, and then I did the math of multiplying each one by 3.7 to come up with the actual price column.

And that led then to a number, an aggregate, which may have been rounded off, but I don't recall what happened to that or how it evolved from there.

MR. LIMAN: Were any parts stricken because when you applied the 3.7 figure it was in excess of some budgeted amount?

THE WITNESS: I'm not understanding the

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question. Who budgeted it?

MR. LIMAN: Were you told that you could not come up with a figure in excess of a certain amount?

THE WITNESS: No, not that I recall.

MR. LIMAN: So that if 3.7 yielded $20 million, then that would have been the price you would have put down? If it yielded $15 million, that would have been the price; correct?

THE WITNESS: I believe so. That seems to me to be a logical result of the process, as I understood it.

MR. LIMAN: But nobody told you that you had to keep the price to be charged to Ghorbanifar below a certain amount?

THE WITNESS: Not that I can recall, no.

MR. LIMAN: This, I take, it would refresh your recollection that you were doing the arithmetic on June 16?

THE WITNESS: Well --

MR. LIMAN: At least at that point?

THE WITNESS: Right.

MR. LIMAN: And did you do it also earlier?

THE WITNESS: My own recollection is that it was later than this, but obviously it was at least as early as June.

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MR. LIMAN: But how could it be later than that when the only other transaction for which we got paid was in October and that was not -- that was the second channel transaction and it was a lower price?

THE WITNESS: As best I can relate, my involvement with the 3.7 factor and the timing of it, I think it pertains to the second list of parts owed the Iranians that resulted after the transfer of the 500 parts and some of them didn't work. But it may have been before. It appears to be.

MR. LIMAN: Let me see if we understand each other on this. The Iranians paid for HAWK spares at the time of the mission that McFarlane went and you knew that.

THE WITNESS: The Iranian government I don't think had -- no, they wouldn't pay until they got delivery. Ghorbanifar or somebody had come up with this bridge loan that would make the transaction begin to occur.

MR. LIMAN: You knew that Ghorbanifar had paid?

THE WITNESS: Somebody had paid.

MR. LIMAN: And you understood that he was paying at this 3.7 multiple?

THE WITNESS: At least.

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MR. LIMAN: No, you understood that he was paying the CIA, that he was paying Lake. Did you understand who he was paying the money to?

THE WITNESS: I knew that there was an account.

MR. LIMAN: And he paid the money into that account?

THE WITNESS: Yes.

MR. LIMAN: And you knew that the amount that he had paid was 3.7 times what the CIA's cost had been, right?

THE WITNESS: I never really consciously focused on that. Nobody ever told me that, but that certainly follows from the parts that I was aware of.

MR. LIMAN: You also knew that some of the spares for which he had paid had been delivered, one pallet's worth, right, in Tehran? Correct?

THE WITNESS: Yes.

MR. LIMAN: And you knew that the bulk of the HAWK parts for which he had paid were still back in Israel?

THE WITNESS: Yes.

MR. LIMAN: And when there were later shipments in the summer of 1986 did you not understand that those shipments were for the parts that Ghorbanifar

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had already paid for?

THE WITNESS: The later shipments? Do you mean when the pallets were subsequently delivered?

MR. LIMAN: That's right.

THE WITNESS: My recollection is that the timing of that delivery was to complete the deal as it had been arranged because one hostage had been released, Jenko, I think.

MR. BELNICK: That's correct.

MR. LIMAN: So that whatever money that Ghorbanifar had paid for the HAWK parts had been paid in May of 1986, even though some of those parts weren't delivered until after the release of Jen~~k~~co; right?

THE WITNESS: What date was that?

MR. LIMAN: Well, they didn't deliver the additional ones until August 3, 1986.

THE WITNESS: Okay.

MR. LIMAN: Now, therefore, does that not refresh your recollection that the arithmetic that you did in which you used the 3.7 multiple was done in connection with the May transaction?

THE WITNESS: Not necessarily, and let me explain why. It seems to me that the arithmetic that was done for conveying to the Iranian side through Ghorbanifar of the prices for this transaction of the

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500, which was delivered in two separate shipments, was all done in the April-early May time frame or before, and that this June time frame that we're talking about has nothing to do with that because that's already done and over, that we are now talking about the complaints that are beginning to accrue from the Iranians with at least a sampling of parts that they have.

MR. LIMAN: But, Mr. Earl, what other transaction was there after Ghorbanifar paid in May for the HAWK parts?

THE WITNESS: Well, I don't know. It's not clear to me what was -- I still don't know how that was resolved, the second laundry list of parts.

MR. LIMAN: But you know, don't you, that after Ghorbanifar paid for the spare parts in May that the only additional transaction that was done with Iran was the one involving the second channel; isn't that right?

THE WITNESS: I believe that's correct, except there is one caveat. This new list became a fairly long list of complaints with the originals which led to some different part numbers and different prices that had to be resolved as to who was going to pay, the Iranian side wanting it for free, that they felt they had paid for it on the 500, and the U.S. side having to somehow come up

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with parts for which they had no money.

MR. LIMAN: But that was talking about an adjustment, about making good to them.

THE WITNESS: On the original, yes, I agree.

MR. LIMAN: Now were you involved in the pricing of the TOWs to the second channel? You'd have to look at your notes? You don't remember that?

THE WITNESS: My recollection, before being refreshed, I was much more involved in the second transaction.

MR. LIMAN: You mean in the complex -- what do you mean by the second transaction?

THE WITNESS: Well, now I'm confused as to whether it's the second transaction involving the second channel, which was TOWs, as I recall, or the HAWK complaints on the parts as opposed to the very first pricing of the 500. But it seems from some of my notes that I was more involved in the first one than I recall, so I could have been.

MR. LIMAN: Mr. Earl, do you remember without even looking at your notes that the second channel was given a better price on the TOWs than had been given to the first channel?

THE WITNESS: Not really, no.

MR. LIMAN: Do you have a recollection as to

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whether you applied a 3.7 multiple to the cost of the TOWs to arrive at the price for the second channel's TOWs?

THE WITNESS: I don't know whether I did or not. My recollection is the 3.7 applies to HAWK parts. I'm not sure that it applies to TOWs.

MR. LIMAN: And therefore at least by process of deduction you must have applied the 3.7 multiple to the May shipment because that's the only HAWK parts that they were ever charged for.

THE WITNESS: If that's true, that the 3.7 applies only to HAWK parts, then it follows, what you just said.

MR. LIMAN: Well, let's do arithemetic right after lunch.

THE WITNESS: But my recollection of the way the 3.7 was derived, which I had previously told you about --

MR. LIMAN: Yes, and I've read it.

THE WITNESS: Was that it was in order to show consistency from previous transactions or statements of the price, and that we dealt with the aggregate in some form of the totals and divided them and found out that the factor was 3.7 and then applied them to this other collection, new collection, new list in order to show

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consistency.

MR. LIMAN: But did you do that arithmetic yourself?

THE WITNESS: Yes.

MR. LIMAN: And did you do that with the HAWKs that the Israelis had contracted to sell to the Iranians, the November HAWKs, whether it was 120 or 80 or 18?

THE WITNESS: I don't know which aggregates I used to derive that 3.7. From Colonel North I had gotten the aggregate numbers and did the math and found out that that number was 3.7 and then used that on a line-by-line basis with whatever the list of HAWK parts were.

MR. KIRK: May we stop for a second and go off the record?

MR. LIMAN: Sure.

(A discussion was held off the record.)

MR. BELNICK: We will break now for lunch and return at 1:00.

(Whereupon, at 11:53 a.m., the taking of the instant deposition recessed, to reconvene at 1:00 p.m., the same day.)

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AFTERNOON SESSION

(1:10 p.m.)

Whereupon,

ROBERT L. EARL,

the witness herein, having been previously duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. BELNICK:

Q Good afternoon. Back into the notes at page 13, there is a note at the bottom, June 17, that I believe pertains to the Iran compartment -- "Uriah II". Do you remember for whom that was a code name?

A Not off the top of my head. It is in one of the things that I provided for the Committee. It could have been the President or McFarlane.

Q Well, I know Oliver North is listed on one of these.

A No, it's not Oliver North.

Q As Uriah.

A Oh, is he?

Q Yes, he's Uriah on one of these. This is Uriah II. Oh, well, we'll move on.

A Well, that surprises me, that Uriah I or Uriah without a number is Oliver North, because I would have guessed that this is somebody senior in the chain to

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Colonel North, but it may not be.

Q I'm sure your document produced by the White House, which bears our Bates number N-9267, which is entitled Operation Homeport, one word, code sheet, and you see "O. North, Uriah."

A I don't think that's one of the ones that I was familiar with.

Q Well, all right. We'll just go on. Did you have a code name or cryptonym at any time?

A No.

Q Here Poindexter is listed on page N-9055 as Uriah.

A I think that's the code name I'm familiar with.

Q So maybe Uriah II is -- well, let's not guess. Does this note that we were looking at on June 17 pertain to the Iran compartment?

A Yes, it does.

Q Okay. And do you recall -- can you explain the reference, leaving out the name of the Iranian? Is this a message you received from George Cave?

A Possibly, but I think more likely is it's -- well, I won't even say more likely. Two possibilities. One is it is from Cave telling me of a conversation he had had with this Uriah. The other possibility is that

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it's instructions for Cave to have a conversation with the Iranian coming to me from, probably, North to give to Cave.

Q Well, whether it comes from Cave or is a proposed message to Cave, can you explain what the notes mean?

A Well, it says very specific: "Adhere to our written proposal. Call us." My explanation of that would be that it is guidance for this individual.

Q For Cave or for the Iranian?

A For the Iranian, and perhaps an admonition to be precise on the specifics of the negotiation that's at issue at this time and to call us and refer back to the written proposal as opposed to any embellishment of that that may be being done by others.

Q And then he's to be told, the Iranian, that Uriah II, whoever that is, is unhappy.

A Uh-huh.

Q And has issued instructions no more talking with the Iranians until there is a movement.

A Correct.

Q And "bullshit to proving ourselves" means just that?

A Yes. From the Iranian side there is the negotiating statement that we, the U.S. has to prove

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itself and we are rejecting that, saying no, it is not we who have to prove ourselves. We have taken suitable risks and it is you who have to deliver. So that's a bogus argument.

Q Okay. We'll move on.

A Let me look at that list, please.

(Pause.)

I don't think this is it. I think there may be another one, too.

Q. There is a note on page 11, which appears to be June 16, 1986, "$5,820,000 apiece". Then it says "radar". What does that note means? Is that referring to the Iran compartment?

A I believe it is. I believe it's a dollar figure.

Q For the HAWKs?

A No, for the high-power radars. If we could cross reference to the other reference to prices on radars, we can see whether that means each or per radar rather than total cost for both radars. I'm not sure right now. We were looking at that page earlier.

Q I am showing the witness page 100 of his notes.

A That's not the page that I'm remembering. I think there's something else that gives some prices on

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radars and the only reason I referred to that is so that we can figure out whether it's per radar or for two radars. I'm just not sure which it is at this point. I think it is per, because here is a reference to $8,000 each down here.

Q All right. On the same page, 11, of the notes?

A Right. So I think that is a symbol for each or per.

Q Looking at these references to figures on page 11 can you tell us where you got them from?

A No. Nothing springs to mind. But the fact that I'm multiplying by the 3.7 suggests to me that this number probably came from --

Q That's the number $8,270.83?

A From CIA in some way.

Q And you are using the 3.7 factor?

A Yes.

Q To multiply?

A Correct.

Q The next note I would like to go over with you, Colonel, is on page five. Let me show you the note.

A That time frame are we in now? I've lost that.

Q This is still June '86. You will see the name

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Ellen Garwood there and by context this note appears to be around the end of June, June 23, June 24 of 1986. Can you tell us what those notes refer to, including the reference to Ellen Garwood with a telephone number?

A No. I'm not recalling anything. I know who Ellen Garwood is. I know she would come in to the office on occasion and meet with Colonel North, and this may just be establishing that she called in with a phone number or that someone provided us with a phone number so that Colonel North would be able to call her. I'm recalling no context.

Q Did you know at the time that she was a contributor of financial aid to the contras?

A I don't know in the June time frame whether I knew that or not. At some point I intuited that, that she was a wealthy individual who contributed. But as early as June, I don't know. I may have.

Q Actually I said June 23. This looks more like June 13, according to what's later on page five.

The next note I want to show you is on page four, also dated June 13, 1986, and it reads: [redacted] [redacted] doesn't take the Corr threat too seriously. Is it true he was going to beach this" -- and then it's oblierated. What's the word after this? It's obliterated by the Top Secret designation.

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A Oh, I see. "Going to beach this weekend".

Q Well, that's some threat, let me tell you. Now we're at the bottom of this.

(Laughter.)

Now is this to Corr, to Ambassador Corr?

A Yes.

Q This reference that we have now read from page four of the notes. What does it mean?

A There was a terrorist threat against Ambassador Corr at the time. He wasn't taking it seriously because he was going on to the beach, and so that was CIA's analysis of the threat.

Q You'll be as delighted as I to know that we have just finished one notebook.

Now we have another notebook that the White House has just produced to us this morning, as a matter of fact, saying that it was only recently found, at least for us, and this one, Colonel, appears to predate. Up until now the one we were just going through was our earliest Earl notebook. This one, I think, is earlier and appears to go from -- Vickie, what are the dates of this? Does this go in order?

MS. NOURSE: Well, 10/3.

BY MR. BELNICK: (Resuming)

Q From October 3, 1985 to March 10, '86. So we

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want to go through some references that we have marked here.

A May I see the cover of the notebook?

Q Moving into the new notebook for the period just described, October '85 to March 10, '86, page 52, there are references to Nir, the same Nir, I take it, with whom you worked on the Iran program?

A Yes.

Q What were you doing with Nir on November 18, '85? First of all, where were you at that time?

A On the Vice President's Task Force.

Q Combatting terrorism?

A Combatting terrorism.

Q Was Nir a consultant to that task force?

A I wouldn't use the term "consultant". That has a special meaning to me. I mean, nobody was paid, but he was one of the so-called experts on terrorism that was brought in to advise and talk to the task force, yes.

Q So are those simply notes pertaining to advice that he gave the task force?

A Yes.

Q Okay. You didn't know a thing about the Iran program at this time?

A No.

Q Or about any HAWK shipments that were being

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made in November of '85?

A No.

Q On page 61 this reference "mercenaries can be tapped", that relates to the task force also?

A I think so. Let me just put it into context.

(Pause.)

Q It looks like it. Any of it has nothing to do with --

A Yes, I think all of that is terrorism-related discussion for the task force.

Q Let me show you a note that appears on page 115 of the same notebook. The date appears to be around, if not on, January 16 of 1986. The notes are toward the bottom of the page. You see the names "Rich Miller, Dave Fisher, Nicaragua group raising funds, Roosevelt Room." It said "Elliott Abraham". Does that mean Elliot Abrams?

A That's my, at that time, phonetic spelling, Elliot Abrams, right.

Q From reading it and not knowing what it is, it appears to be setting up some sort of meeting that will be related to raising funds for the freedom fighters in Nicaragua. You tell us what it is.

A Yes, I think you have described it fairly well. It's related to a group raising funds in support of the contras, I guess, and this is Don Regan. Again, I guess it took me a while to spell the name correctly. But that's Don Regan and David Chew, who worked for him, and setting something up in the Roosevelt Room and confirmation, the date. And so these two people were involved on setting it up.

Q Rich Miller?

A And Dave Fisher is somehow involved in setting up this meeting in the Roosevelt Room. So I'm passing that message to Colonel North. And I'm not sure whether he called or who called.

Q Dave Fisher or Rich Miller?

A Yes. It's one of the two.

Q Okay. Now page 119, I'm interested in one specific note on that page: "Who's Richard (relative to Mr. Goode?)". What can you tell us about that note?

(Pause.)

MR. LEON: Do you have a date on that, Mark?

MR. BELNICK: 17 January '86.

BY MR. BELNICK: (Resuming)

Q Is the "Richard" reference to Secord?

A Well, I'm not sure. This is an asterisk, so I'm looking to see if it was an asterisk for something that may be blocked out. My best guess right now is that that's a note to myself to ask Colonel North who's Richard and that I don't recognize the name in the

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context of a message that I'm getting.

MR. LEON: Could it be Gadd?

MR. LIMAN: No, not at that point.

Q Not at that point. When did you first know who Secord was?

A I don't know. I've never really thought about that.

Q Did you first learn about him from Ollie?

A Yes, sometime. I met him at the office or a phone call or something and something prior to the May-April time frame leading up to Tehran, that I knew him, but how much before that I don't know. But somewhere between those two periods, between January and April.

Q All right. On page 122 from the notebook I'm interested in the note which I'll read into the record. "Watson, two contra leaders, back to see VP", and it says "one, names -- check that with CIA? Two, state of the union intentions? Just guerrillas? Some political types, too?" with a telephone number, 941-1468.

Now is the reference to Watson to the Vice President's aide Sam Watson?

A I believe so. I can't recall any other Watson that I knew.

Q You knew him from the terrorist task force, didn't you?

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A Yes.

Q Now can you explain those notes that I have just read about Watson, contra leaders and the VP?

A Okay. I think that the general subject of the section relates to the issue of whether there were to be some Nicaraguan freedom fighters in the audience for the state of the union that would be acknowledged in the course of the speech and would stand and be recognized.

Q That's what the reference to State of the Union means?

A I think so.

Q What about the reference to two contra leaders back to see VP?

A I'm not sure if that's related to that or different because the names checked out with the CIA right below it may be different than state of the Union intentions and related to the separate issue of two contra leaders, or it may be checking out the names of the people who are to appear. I'm not sure.

Q Do you have any recollection or are you just guessing?

A No, I'm guessing. From the context, it could be either way.

Q You don't recall independently?

A No.

Q Who did you consider to be in the contra compartment box among people at the NSC? Were there people in the Vice President's office who you felt were part of that box?

A No, no. And again it's amorphous. Even as we previously discussed for the Iran box, but even more amorphous on the contra box, since I was, as I said, never formally brought into that box. But my working assumption was nobody on the Vice President's staff was in the contra box.

Q What about Don Gregg?

A I don't know, but my working assumption is that he was not.

Q Okay, fine. And did you ever learn any fact that caused you to question that assumption?

A No, no, not really. There were the meetings when Max Gomez came up, but that was all -- completely consistent with my working assumption that he was being dragged into the box by his previous friendship with Max Gomez, that it wasn't because he was in the box.

Q January 23, '86, appears to be numbered page 123, notes that read: "Jim Steele -- problems about [redacted] message to [redacted] today could cause ON and then Ambassador concerned."

A This is 23 January. Do you know off the top of your head the dates of what I just referred to, the meeting? That was August?

Q August 8 and August 12.

A Well, that's not right. No, I'm not getting a specific recollection. It's some reference to a problem that these people needed to work out -- [redacted] North, Steele and the Ambassador. Let me read the full context.

(Pause.)

Below that on the same page is a more detailed message relaying some of the problems. I think these are related.

Q Some of the problems that Steele was talking about?

A Right. And it concerns deployment bags, A-7A straps, and Conex inserts, some confusion on equipment back to New Orleans, which is a code name which I never did know, where New Orleans was. I mean, it's not the real New Orleans. 1,000 pairs of socks, backpacks, some kind of problem related to equipment.

Q Let's go on. We're almost finished.

We will interrupt the sequence and I will show you a document that I will ask the reporter to mark as the next Earl Exhibit, whatever that is. Let's just call this -- well, we'll call it Earl Exhibit 1A. Would you take a look at that document? It bears our Bates

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discovery stamp of N-604. See if you can identify it.

(The document referred to was marked Earl Exhibit Number 1A for identification.)

A No, I don't think I've ever seen it before.

Q Do you recognize the handwriting?

A No.

Q Did you know someone named Bill at the National Security Council on the staff, or a principal?

MR. LEON: Could that be a note written on a notepad?

BY MR. BELNICK: (Resuming)

Q Why don't we let him think for a second?

A I'm not recalling one off the top of my head. If I had the NSC phone book, I could flip through the names to refresh my memory on guys that might be named Bill, but right now I'm not coming up with anybody.

Q Was there anybody in the legal counsel's office named Bill in Commander Thompson's office?

A No.

Q Nobody?

A I mean, the only Bill that leaps to mind is Bill Casey.

Q I understand that.

MR. LIMAN: But it's not his writing.

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Q It's not his writing; I understand that. But it leaped to some other minds.

(Laughter.)

But Rich was suggesting that perhaps somebody wrote it on an NSC notepad who is not with the NSC. Does that mean anything?

A Could be. I don't know.

Q You have no idea?

A No. But if you want me to search my memory further in Bills at the NSC, if you have an NSC phone book with all the list of names.

Q Off the record.

(A discussion was held off the record.)

BY MR. BELNICK: (Resuming)

Q While we are waiting, let's go on. There's a note at page 160 which is March 6, 1986. You see at the top it says "Nir, 1900", et cetera. Before I read it, does that have anything to do with matters that we're interested in?

A I think it does. I think it relates to an Iran hostage, but I'm not positive. That's the way I read it.

Q All right. Would you explain the note? This is before you were formally briefed into the compartment, wasn't it, in March of 1986?

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A All right. This is March, 6 March. Again, I'm not sure exactly when I was formally briefed in. Before, or refreshing from my notes, I would have guessed early May, but obviously it was before that, from my notes early April. It could have been as early as March, possibly, but very doubtful.

Q All right. What does the note mean?

A It's a cryptic note from Nir passed over an open phone, so it is intended not to be understood by those not in the compartment, and I don't know what it means beyond telling Colonel North that he, Nir, has gotten in touch with the person in question, that the new location, whatever "they", Nir and North, had agreed was okay, that they were in a hotel in town with that person, so to prevent that person from knowing the location of the meeting, that he knew he was in a hotel but not -- they were protecting something about who they were meeting with and why.

Q Okay.

A Will call William -- and William is another code name, and I think that's for -- I was going to guess North, but he would have used Goode, so it doesn't make sense, so I don't know who William is. Nir is going to call William as soon as he gets to the hotel about noon Friday.

MR. LIMAN: Do you know what the first name of Goode was?

THE WITNESS: Now that's right.

MR. LIMAN: William.

THE WITNESS: Yes, that's right. So it is.

BY MR. BELNICK: (Resuming)

Q That's a double code, then.

A Well, it fooled me for a while, but I guessed right.

Q Let's go back to the Exhibit 1A question we were discussing. We now have a world-famous Federal yellow book and here comes the document back. I am putting Exhibit 1A before you again, and there is a listing in here in the yellow book under National Security Council, under Latin American Affairs. Director William Perry. Did you know a William Perry when you were there?

A Yes.

Q Did you ever see his handwriting?

A I don't think so. It's possible, but I am doubtful.

Q See if you, looking at this list, can see any Williams.

(Pause.)

Did you know Bob Turner?

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A Bob Turner? No.

MR. LIMAN: This may be a moment to ask him some other questions, if I may. Did you ever have any discussions as to whether the NSC was covered by Boland?

THE WITNESS: Two answers to that question. One is a generic one, that from talk just amongst people at the staff my impression from that talk was that there were all kinds of loopholes in the law, so I think that's partially relevant.

But the specific answer to your question is I recall one conversation at around the time Colonel North was going to meet with or brief some members of one of the Committees. I think he did that in the White House situation room. And either before or after, but in that time frame, I asked him about that argument, which I had heard either from the newspaper or from talking with people around the NSC how much applicability was the line of argument that Boland did not apply to the NSC. Well, I think I knew it was Boland.

My recollection was that there were a bunch of laws that had relevance, and then I had a bunch of phrases that I remember from them, and I'm not necessarily sure which correlates to which, but I think that it would have been, from the group of relevant laws then, that there was an argument that I was aware of,

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that the NSC was exempted because it was not part of the intelligence community.

And so I asked that question of Colonel North, if that argument had utility, whether it was a credible argument. And the answer was -- I don't recall the answer specifically. I recall that it was a balanced answer, a neutral answer. It wasn't hell, no it has no applicability, and it wasn't oh, yeah, that's absolutely right. It was a little grayer and more complicated than that, that I would characterize as neutral or middle.

And so that's, I think, right now the only specific conversation that I can recall on that subject.

MR. LIMAN: You said this occurred at the time he was to brief one of the Congressional Committees?

THE WITNESS: I think so. I think that's why I was asking him, because I knew that he had either just had or was about to meet with some members of the Committees.

MR. LIMAN: Do you recall that there was a resolution of inquiry regarding Colonel North in, I believe, the summer of 1986?

THE WITNESS: A resolution of inquiry? I'm not recalling that term of art.

MR. LIMAN: Well, do you remember that he was on the hot seat in terms of some kind of Congressional

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investigation?

THE WITNESS: Well, I think that's what I'm referring to here.

MR. LIMAN: And that he ultimately gave an interview to one of the Committees. Is that what you are referring to?

THE WITNESS: I'm referring to his meeting with members of the Committee in the White House situation room at some point, summer, I guess.

MR. LIMAN: Was he concerned before he went for that interview? Did he express concern to you?

THE WITNESS: I would say that there was concern, yes, that he was aware that he was going to be doing this, and his concern involved what he was authorized to say and going to say, I think.

MR. LIMAN: Well, you knew, for example, that he was not in a position to disclose the use of the proceeds of the arms sale.

THE WITNESS: Sure.

MR. LIMAN: And so he was in a very uncomfortable position?

THE WITNESS: Yes.

MR. LIMAN: And I take it you realized that.

THE WITNESS: Well, I knew that there was compartmented information that was not to be shared, yes.

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MR. LIMAN: When you say there was compartmented information not to be shared, you didn't understand that to mean that if a Congressman asked him a question that he was free to lie, did you, in order to protect compartmentalized information?

THE WITNESS: Well, that is the area of concern that if there is a compartmented program that the President of the United States said will not get briefed to the Congress, how do you respond to a question that refers to that which is in the compartment?

MR. LIMAN: Well, one way you respond, of course, is by saying I'm not free to answer that question. That's an option. And another option is to protect the information by lying. That's correct, too, right?

THE WITNESS: Sure. I mean, I would say a cover story.

MR. LIMAN: But a cover story can be a lie, right?

THE WITNESS: It can be, or it can be a half-truth, a partial truth, a limited statement that protects.

MR. LIMAN: But a lie is one of the options. And, you know, without trying to make you more uncomfortable than you probably feel at this moment,

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there are times that it's appropriate for a member of the military to lie, such as when he's being interrogated by enemy forces.

THE WITNESS: Certainly.

MR. LIMAN: And so what I've been trying to find out is whether in the context of the way you looked at things at the time, if a Congressional Committee put questions that would uncover compartmentalized information that you were not authorized to reveal, was the response to treat it as if it were the North Koreans and to lie, or would it be to say I just can't answer?

How did you see things?

THE WITNESS: Well, I was not directly involved in the preparation of that testimony.

MR. LIMAN: I know that.

THE WITNESS: And so I was never addressed with the question you are posing, and I was not involved in the discussions, so I don't know.

MR. LIMAN: And you've never had a discussion of that?

THE WITNESS: No.

MR. LIMAN: And when Colonel North finished with his interview with the Committee I take it he told you that he had been interviewed. You knew it took place in the situation room.

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THE WITNESS: And I don't know how I knew that, whether it was from others.

MR. LIMAN: Did he discuss it with you afterward?

THE WITNESS: Well, there was no debrief afterwards. If there was any discussion of it afterwards it would have been just a passing reference. I'm not recalling anything at the moment, but possibly.

MR. LIMAN: Did he express any relief to you?

THE WITNESS: Any relief?

(Pause.)

No, I can't even say that, although I will say that that would have been my assumption, that the thing was over and it was resolved in some way, which would in some way convey to me relief that this situation of concern is completed, is over.

MR. LIMAN: Was there any activity to prepare Colonel North for his interview with the Congressional Committee?

THE WITNESS: I think so.

MR. LIMAN: What do you remember?

THE WITNESS: My best recollection is that Colonel North was trying to get guidance for this meeting and was experiencing difficulty in getting that guidance. I know that NSC Congressional Affairs was involved in

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that. NSC Congressional Affairs was involved in setting up a meeting, so they were involved in a certain amount of the preparation of it.

But I recall that he was having difficulty getting guidance from Admiral Poindexter on the specific reason, and Admiral Poindexter was on leave during the time frame.

MR. LIMAN: Admiral Poindexter was away from the office?

THE WITNESS: He was on leave, yes, out of the office.

MR. LIMAN: Leave in civilian terms means he was on vacation or out of the office for some other purpose?

THE WITNESS: Yes.

MR. LIMAN: And the difficulty he was having getting guidance was that Admiral Poindexter wasn't accessible?

THE WITNESS: Yes, but it may have been more than that. I'm not sure.

MR. LIMAN: But I'm trying to find out whether it was more than that. Was it that he was a hot potato and people just sort of were leaving him to fend for himself? Or was that your impression?

THE WITNESS: My impression was that the leave

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was not accidental. The timing of the leave was just not a coincidence.

MR. LIMAN: And did Ollie express that to you?

THE WITNESS: Well, I don't know how I gathered that. I gathered that from his demeanor and actions. I don't recall that he specifically said that to me, but something about the way he was dealing and talking or calling over the phone, trying to get to see Poindexter, trying to prepare for his meeting, that is the impression that I recall.

MR. LIMAN: So that your impression of it, your observation of it, was that Colonel North had some information to protect and that he was being left to figure out how to protect it on his own?

THE WITNESS: I think that's a fair statement.

MR. LIMAN: And being the type of person he was, he didn't complain about it? Or did he?

THE WITNESS: Well, he did the job that was required of him. He would have preferred to have guidance, it was clear to me, but given that he wasn't getting any he did the job, what was left to him.

MR. LIMAN: Did he tell you that one of the subjects of concern to him was that they might ask him where the contras were getting the funding?

THE WITNESS: I don't think I knew any of the

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specifics of the areas. We had no discussions of that.

MR. LIMAN: What other compartmentalized information did you believe that he had that committees that were inquiring about the contras might wander into?

THE WITNESS: Well, the connection to Iran we've already talked about. I don't know whether there's anything in my notes that will help on that. I am not recalling anything specific beyond a general feeling that perhaps some of this could have been politically embarrassing to the President.

MR. LIMAN: Like what?

THE WITNESS: Whatever Colonel North was doing.

MR. LIMAN: What was he doing that could be politically embarrassing?

THE WITNESS: That the things, that whatever he was doing to support the contras.

MR. LIMAN: And what was he doing to support the contras, as you understood it?

THE WITNESS: Well, I mean I have bits and pieces of it from my notes and my day-to-day involvement.

MR. LIMAN: I understand that. But, you know, the notes have become so much of a crutch for you, if I may say, that it's almost as if you weren't there and that it was somebody who can just read the notes well.

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And what I'm trying to do, knowing, you know, that the notes may refresh your recollection, they may lead you to correct your recollection, but to assume for a moment that Fawn made a mistake and shredded your notes as well, you still would have been there. Some of these things would clearly have left some imprint on your recollection.

So I want you to throw away the crutch and just see if you could tell me what you understood he was doing for the contras with as much particularity as your memory can summon.

THE WITNESS: Well, at any of the activities that I knew that Colonel North was doing, like talking to Jim Steele, Ambassador Corr, all of these people, that that could be embarrassing to the President and the Administration, that it would identify the loophole through which the Administration was going and cause Congress to pass legislation to close that loophole.

MR. LIMAN: Well, except that in 1986, in the summer of '86, when we're talking about it, Congress was on the verge of appropriating $100 million for contra support without virtually any restrictions, most of it for lethal aid.

THE WITNESS: Well, I don't recall the vote and the timing.

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MR. LIMAN: Well, it was contemplated. It was not a surprise when that appropriation bill came through, because by the summer of '86 the handwriting was on the wall.

THE WITNESS: Well, my recollection is that there was an earlier vote that went the other way and that this was another visitation of that and could have gone either way.

MR. LIMAN: So was there concern that if what Colonel North was doing came out that the Congress could have flip-flopped again?

THE WITNESS: Well, I'm not relating to that, to anything specific. I'm just saying generally. I'm referring to nine months' worth of knowledge with that statement

MR. LIMAN: Well, let's talk about things that I think you probably knew that Colonel North was doing. I mean, did you think that Colonel North was planning military campaigns for the contras?

THE WITNESS: Even that one's hard to answer in terms of being a military advisor and telling the contra leadership how to do certain things or planning an operation for them, no. In the context of being very concerned with the contra cause and brainstorming of ideas, yes. I mean, he was always thinking about what

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was going on in Nicaragua and related countries and keeping abreast of the military campaign from an intelligence viewpoint and brainstorming.

MR. LIMAN: Was he involved, so far as you knew, in planning where the contras would get their air drops?

THE WITNESS: I wouldn't be able to identify when in the nine months I knew exactly what, but certainly cumulation of involvement, passing on phone calls, the KL-43 notes, that I eventually became aware that this Secord operation was doing air drops in Nicaragua for the contras and that Colonel North was aware of a lot of the details of that operation.

Now whether he was planning them, that I don't know.

MR. LIMAN: Were you aware that Colonel North was concerned about the fact that the contras had not been given funding by the United States Congress for the lethal activities?

THE WITNESS: Was I aware that Colonel North was concerned that Congress would not appropriate lethal aid? Is that the question?

MR. LIMAN: Yes. Was he concerned about getting the money for lethal aid?

THE WITNESS: Yes. I mean, he was aware that

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the program under which $27 million had been appropriated was not enough, yes.

MR. LIMAN: And you understood that that was why money was being used from the Iranian arms sale for the contras, right?

THE WITNESS: Well, I was aware that some monies from that were being used in support of the contras. I didn't necessarily correlate it to the specific deficiencies that you just identified, but I knew it was in some way going to help the contra cause. But whether it was for the purchase of arms or for the air drop or for what facet of supporting the contras, I never did know that.

MR. LIMAN: Did he ever talk to you about the fact that the contras needed bridge financing?

THE WITNESS: I have heard that term and I think I have heard it before, whatever references there are, since November, but I'm not positive of that. I don't think that I didn't hear the term until Tower. I think I heard it before.

MR. LIMAN: Did he ever tell you how much money was being generated for the contras by the Iranian arms sales?

THE WITNESS: No, he did not.

MR. LIMAN: Did he ever talk to you about the

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fact that the Secord operation needed money?

THE WITNESS: No. I don't believe he did, although, related to that, it caused me to recall that there would be notes that would come on the KL-43 that were related to financial difficulties, that the pay was late, or that people weren't being paid or something like that, which would suggest a pay problem or a money problem.

MR. LIMAN: Were you aware of any efforts to sell the assets of either Project Democracy or the Secord organization to the CIA once it was allowed to come back in?

THE WITNESS: I recall that I think that there was discussion of both giving and selling, that it was not exclusive reference to either, that both possibilities were talked about by various people. I think that's correct.

MR. LIMAN: Who do you remember talking about it? Who wanted to sell it and who wanted to give it away? Because they are generally pretty exclusive things.

THE WITNESS: Well, the two Don Gregg meetings that we have previously talked about started in on that issue of the transition, if you will, from what Secord's operation was providing and what the CIA would start up

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with. I am not really recalling any specific conversation that I can say person X was saying sell, person Y was saying give.

I can recall that [redacted] was conveying the view that the CIA didn't want anything from the operation that was previously there, that the CIA's position was it was going to [redacted]

MR. LIMAN: It wanted to [redacted] right?

THE WITNESS: Yes. I mean, I understand the conceptual distinction you are making in your question, but it doesn't make any sense to me because I'm not recalling anything except that I heard both things talked about.

MR. LEON: Well, what was Ollie's position?

MR. LIMAN: I'm going to come to that. It's not a matter of conceptual distinction. Generally, if somebody wants to give something away then they don't ask for money for it. So either somebody said look, I prefer to sell it, or they didn't. Do you have any recollection of let's take first the position of the Secord group, the owners? What was their position?

THE WITNESS: I don't think I can even identify and distinguish the Secord group from Colonel North or anybody else who might have talked about this. The only other thing that I -- recalling that there was

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discussion of both, it seems to me that the selling would have preceded the free discussion, but I'm not even positive of that. I mean, that would make sense to me.

And the way I am remembering all of this, that there would have been an attempt to recoup some of the money expended in purchasing these assets and other debts or whatever and with the opposition that I have already mentioned to that from CIA, of wanting to [redacted] it follows to me logically that there would be a position of giving away from that, which was also rejected.

But I'm not positive of that. I'm starting to speculate, which I don't really want to do.

MR. LIMAN: I think what you're doing is deduction and speculation, and I'm looking for memory.

THE WITNESS: No.

MR. LIMAN: Do you remember North's position on any of this?

THE WITNESS: My only recollection is that I think both were discussed, were talked about in that time frame.

MR. LIMAN: Who do you remember discussing it?

THE WITNESS: I don't know. What I am lumping into there is probably Secord and North, but I'm unable to differentiate.

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MR. LIMAN: Dutton?

THE WITNESS: Possibly. I mean, I associate that with Secord.

MR. LIMAN: Were you ever together with North and Secord when they discussed this?

THE WITNESS: I don't believe so, no.

MR. LIMAN: Or with North, Secord and Dutton?

THE WITNESS: I can't recall that those things were discussed in any of the meetings that I sat in on with Dutton, Secord and North or any mixture of those.

MR. LIMAN: Have you testified to what meetings you had with Dutton?

THE WITNESS: No.

MR. LIMAN: Tell us what meetings you had with Dutton.

MR. KIRK: May we go off the record?

(A brief recess was taken.)

MR. LIMAN: Back on the record.

Colonel Earl, I understand that you are talking about events that occurred more than a year ago, that you were handling scores of other projects, that many of these cases you were basically taking messages or information for Colonel North and just passing it on or doing vice versa, and that since you were not the prime mover in these projects you were not always familiar with

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all the details and that they all leave imprints on your memory.

I also know that your memory can be subject to correction when you look at the notes or even can be subject to correction when you hear other witnesses testify after you. And with all of those caveats and bearing in mind that all that you are going to try to do is make your best effort at recalling the substance of what happened and what was said, can you tell us what you recall of your meetings with Mr. Dutton?

THE WITNESS: Okay. I think my first meeting with Bob Dutton was in a restaurant and I'm not sure of the time frame. It may come later.

But it was a meeting over some problem that had arisen and Colonel North was not available, and that I was going to have to try to take care of it. And so we met at a restaurant out near Tyson's Corner, because I didn't know what he looked like when I met him, so I recall having to arrange exactly where we would meet, and he didn't know what I looked like either.

So that was the first meeting. If I could remember what the problem was it might help the time frame. I can't right now even recall the problem. There are a couple of problems I recall dealing with him, so it may have been one of those.

MR. LIMAN: What problems?

THE WITNESS: One concerned Max Gomez and this meeting, a couple of meetings, in Don Gregg's office.

BY MR. BELNICK: (Resuming)

Q In August of 1986?

A In August of 1986, so it could possibly have been in that time frame. Another problem which is a candidate, I guess, a possibility, although this one seems a little late in time, is the shooting down of the C-123, the Hasenfus episode, and that was October, I believe. And it's possible that that was my first meeting with him.

So one of those two are possible, or it could have been a third that I'm not recalling.

MR. LEON: Let me help you in one respect there. On June 25 Colonel North met with Dutton and Gomez in his office and, according to different accounts, woodshedded him, Gomez, on his conduct down there.

THE WITNESS: And what? Woodshedded?

MR. LEON: Reprimanded him. That was on June 25, the day the contra aid vote came through. Now could it have been before then?

THE WITNESS: I don't recall that meeting. I don't think I knew. Well, I know I didn't know Max Gomez then.

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MR. LEON: As early as that?

THE WITNESS: My first meeting with Max Gomez was in that very first meeting in August with Don Gregg, so I know I wasn't in that meeting. I did not meet Max Gomez. I did not. I don't think I knew Dutton then either, but I'm not sure.

MR. LEON: Okay.

THE WITNESS: So those are two problem areas. That's one meeting that I recall. I recall another meeting with him, him being Dutton, with Colonel North, and that was some time after the C-123 incident. Colonel North was out of the country when the C-123 was actually shot down, so it was at whatever point, however many days after that he finally returned to the country and then had a meeting.

I recall a meeting with Colonel Steele and Bob Dutton and me in -- I think it was in the Watergate Hotel, and again that concerned some problem with the operation. It may have been the Max Gomez thing or it may have been something else with other internal problems on the operation and Colonel Steele's inability to help on that.

So that's what, three meetings with Dutton. I talked to him on the phone a lot. I mean, I couldn't begin to count the phone calls, but meetings, I don't

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think he ever came in to the Old Executive Office Building. I don't think I ever met him there. He may have come for other reasons that I wasn't there, but I don't think I ever had a meeting with him. I think all three of those that I'm talking about were meetings outside the building. And right now I'm not recalling any other meetings.

MR. LIMAN: What do you remember about the Hasenfus affair at that meeting?

THE WITNESS: Okay. That was a meeting with Colonel North, Bob Dutton and myself, and it was a meeting to discuss the Hasenfus situation and the fact that Hasenfus was captured and what to do about that, what to do about the logistics on the bodies of the pilot and the copilot.

MR. LIMAN: Well, was there discussion about the fact that Hasenfus was working for Dutton?

THE WITNESS: No one specifically mentioned that. It was clear to me from the context that that was one of Secord's airplanes and that Hasenfus was a crew member, a member of that operation.

MR. LIMAN: Was there any discussion about the fact that the United States Government was denying any involvement in it?

THE WITNESS: I don't recall specifically, but

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the statements that the State Department had been making on that affair could have been discussed. I mean, that's not inconsistent with kind of the subject and the broad-ranging nature of what in my recollection was suitable for discussion at that meeting.

MR. LIMAN: Do you remember anything about talking about a cover story or whether there had to be a cover story?

THE WITNESS: Not per se, not that I can recall right now. Let me give you what I can recall from it. There was an initial reference to getting a beeper in on Hasenfus so that his location could be identified in case there were, or to develop a potential for a rescue, and I think there was some discussion about some of the logistics on the pilots' bodies, funeral expenses, and relations with the State Department on that aspect.

I also recall a list that Bob Dutton had drawn up of questions, just hypotheticals, what-ifs, trying to anticipate the way this thing could go, what could happen, and what needed to be thought about and resolved. And I recall that there was a phone call. This was in a restaurant or a bar. There was a phone call from Fawn for something that had to be picked up over there or whatever, but anyway the manager called for -- it was Mr. McAlister and so he answered the phone and it was Fawn

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calling for Ollie.

And the phone message was that there was something over at the office that had to be picked up, so I wound up going back to the office in order to get this and left the two of them to finish their conversation. I went back to the office, got whatever it was that Fawn had, and I think came back to the meeting, although at that point it was -- yes, I did. It was done at that point.

I went out and they both got in their car and left, and then I went. So I came back to this meeting place.

MR. LIMAN: How many meetings do you recall with General Secord?

THE WITNESS: There were -- there's more than one out at CIA headquarters, as in a few or maybe several.

MR. LIMAN: At CIA headquarters?

THE WITNESS: At CIA headquarters -- more than one; maybe two, three or four. I don't know. This is on the Iran hostage case. I don't think he was at that one that I mentioned earlier in Clair George's office. I'm not sure; he might have been, but I don't think so.

He was at one -- I have a recollection of him driving to the gate and waiting and that we met him there

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and proceeded in, and I know he went in but I can't place him in a room at which we had the meetings. One meeting I recall was in Clair George's office; another one was in [redacted] office; another was in a conference room somewhere that [redacted] folks had acquired and I just don't know which one he is sitting in.

MR. LIMAN: Did you talk about pricing in any of these meetings?

THE WITNESS: There is what I think is the last meeting, but it may not necessarily be the last, but one of the later meetings out at CIA headquarters, and I think Nir was there. But, anyway, there was discussion at that meeting of pricing, and I'm not sure whether Secord was at that or not.

MR. LIMAN: Was that a meeting at which the discussion was of pricing of future transactions or of the Iranians' complaints?

THE WITNESS: I don't know. I can't answer that right now.

MR. LIMAN: Do you have any recollection of any meeting at the CIA in which there was a discussion of the use of proceeds for the contras?

THE WITNESS: No.

MR. LIMAN: There was never any discussion there about the fact that the Iranians might make that

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claim or that some of the financiers might claim that they were shortchanged because money went to the contras?

THE WITNESS: I don't think so. This might help, and I think we've already talked about it. There was the issue that you alluded to of dissatisfaction with the high prices. It had been an issue. I don't think at that meeting that we were just talking about that the Iranians eventually delivered these 40-some microfiche, that that pertained to this issue of how to explain the price.

But I'm not sure that this meeting that I'm recalling, I'm not sure that that was the driving force behind the meeting or whether it was the next delivery or what.

MR. LIMAN: So you remember meetings with General Secord at the CIA?

THE WITNESS: Yes.

MR. LIMAN: Where else do you remember a meeting?

THE WITNESS: In Colonel North's office. General Secord would come fairly often.

MR. LIMAN: Do you have any recollection of any discussions of those meetings?

THE WITNESS: Let's see. Well, I recall a series of meetings in development of the chronology and

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General Secord is one of the participants in helping to offer up the facts of the Iranian episode.

MR. LIMAN: Was he at more than one meeting on the chronology?

THE WITNESS: I think so. I'm not positive, but my recollection is that he was a significant participant in that, that he had a lot of the facts and figures and knowledge in his head, and so he was there more than once in that week or ten-day or two-week period, whatever it was.

MR. LIMAN: But do you remember Secord in connection with meetings on the chronology?

THE WITNESS: Yes. I remember him there in relation to secure voice telephone calls to the Iranian intermediaries, Channel 2.

MR. LIMAN: Using your phone?

THE WITNESS: Using the commercial secure, the commercial encryption device provided by, I guess --

MR. LIMAN: The KL-43?

THE WITNESS: No, a different one.

MR. LIMAN: Provided by the United States Government?

THE WITNESS: No.

MR. LIMAN: No?

THE WITNESS: Provided by others.

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MR. LIMAN: Oh.

THE WITNESS: We can go off the record if you want to go further into that.

MR. BELNICK: Off the record.

(A discussion was held off the record.)

MR. BELNICK: Back on the record.

THE WITNESS: I recall seeing General Secord coming to Colonel North's old office, Room 392, and either coming out of his office or waiting in the two chairs in front of Fawn's desk to go in and have a private meeting with Colonel North. So I recall seeing him there on business with Colonel North but not a meeting that I participated in.

And I recall one meeting at General Secord's home which was a follow-up meeting from, I think, one of the CIA meetings, I think on a weekend, that we had had a meeting at CIA and then there was some residual to be discussed. So Colonel North and I drove over to General Secord's home.

MR. LIMAN: Do you remember what you discussed there?

THE WITNESS: Well, I think it was Iran, but I don't know which arms transaction or which episode. I can't get it in time. I have a feeling it's later in the process, so that we're talking about Channel 2 and the

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last shipment of TOWS, but I'm not sure of that.

MR. LIMAN: Now you've seen in the Tower report at least some PROF notes in which North talks about Lake as "our" contra company, "our" proprietary -- words to that effect. Did he ever use those words with you?

THE WITNESS: I don't think so, although if he did I would have interpreted it in an almost royal "we" sense, not in the sense of the way I was struck in reading it.

MR. LIMAN: Well, the royal "we" to me means "I" and you use "we".

THE WITNESS: Okay. I've said it bass-ackwards. In the context of that my feeling at the time, when I was on the staff, before reading the Tower report, was that there was this private organization, Secord was doing this service, and that Colonel North had some affiliation with it. I mean, he was getting information from it or he was dealing with people on it, but that he was not a member of it, that he was not a part of the organization, that he was not a board of director, if you will, of Democracy, Inc., which was a more familiar way of referring to this firm.

MR. LIMAN: And you understand what a proprietary is, don't you, in CIA terms?

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THE WITNESS: CIA proprietary, yes, I understand.

MR. LIMAN: Did he ever speak of Lake or the Secord organization as an NSC proprietary?

THE WITNESS: Not that I can recall, no.

MR. LIMAN: Did you view it that way?

THE WITNESS: I'm having difficulty with that because I never really focused on it in those terms before, and so I am doing this after the fact.

MR. LIMAN: Well, I don't want you to do it after the fact. Let's just stop on that. Let me put the question to you differently.

You understood that you were working on a markup of 370 percent. That's the way you were doing the arithmetic on prices, correct?

THE WITNESS: Yes.

MR. LIMAN: And you understood that this money was going into an account in Switzerland, correct?

THE WITNESS: Yes.

MR. LIMAN: And you didn't think that this money belonged to Oliver North personally, right?

THE WITNESS: No.

MR. LIMAN: And there wasn't any doubt in your mind that Oliver North was not making money out of these transactions, correct?

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THE WITNESS: Correct.

MR. LIMAN: Now who did you think you were giving a 370 percent profit margin to? I think you can handle this without counsel.

MR. KIRK: Let me do my counsel's job, if you please.

MR. LIMAN: I know that. I'm not trying to embarrass him. I just want him to focus on that with me.

THE WITNESS: But my problem is I have never really focused in the terms in which you identified.

MR. LIMAN: Then say that. I never thought of who I was giving 370 percent to.

THE WITNESS: Okay. Could we go off the record for a minute?

MR. LIMAN: Sure.

(A discussion was held off the record.)

MR. LIMAN: Back on the record.

Colonel Earl, at one point in time you understood you were working on a schedule which would provide for a profit margin, a gross profit margin of 370 percent, correct -- doing it at 3.7 times cost?

THE WITNESS: Yes, it would be incorrect to say that I had used the terms profit margin.

MR. LIMAN: That's my term.

THE WITNESS: That's your term, so that's even

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one step further than I took it in my own mind. But it is the logical extension.

MR. LIMAN: I stand corrected. You understood that Ghorbanifar was going to be paid substantially more to the account than the CIA was charging, correct?

THE WITNESS: Yes, I think that's accurate.

MR. LIMAN: That's fair?

THE WITNESS: That's fair.

MR. LIMAN: And you understood from something that Colonel North said to you that part of this money was going to the contras, correct?

THE WITNESS: To support the contra cause. It may not have been going to the contras, but in support of the contra cause.

MR. LIMAN: And did you ask him what kind of arrangement he had with the account holders for that money?

THE WITNESS: No, I did not.

MR. LIMAN: And you didn't ask him what percentage was going to support the contra cause?

THE WITNESS: No, sir.

MR. LIMAN: And you didn't ask him how it was going to the contra support?

THE WITNESS: No, sir.

MR. LIMAN: Did you think about whether it was

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being used for the airlift operation?

THE WITNESS: Again, I'm not sure that I consciously linked the two as you are suggesting, but from what I knew --

MR. LIMAN: Let me just say that I'm not trying to suggest it.

THE WITNESS: Well, that's not inconsistent. I mean, that's logical, but I'm not sure I even linked it quite as explicitly as you suggest.

MR. LIMAN: Let me try it differently. You understood that Secord was involved in the airlift operation; am I correct?

THE WITNESS: Yes.

MR. LIMAN: And you understood that Secord was involved at least in the logistics of the Iranian transaction?

THE WITNESS: And more than that, and the negotiation.

MR. LIMAN: And in the negotiation?

THE WITNESS: Yes.

MR. LIMAN: The negotiation of the price to the Iranians?

THE WITNESS: The total negotiation, which would include price, I assume. I don't know that. I mean, he was one who talked in Channel 2, was talking to

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the Iranians.

MR. LIMAN: Well, let's go back to Channel 1 before you even get to Channel 2. Let's take it step by step. You knew that Secord was involved in logistics in the Iranian transaction.

THE WITNESS: Yes.

MR. LIMAN: You knew that he was involved in discussions on the whole approach to the Iranian initiative with Ghorbanifar and others, or did you not?

THE WITNESS: Well, I think that's fair. I'm just trying to recall.

MR. LIMAN: You're not sure when you learned that? Is that what's bothering you?

THE WITNESS: Well, for example, in the May time frame, when I am talking to General Secord on the phone in Tel Aviv, I'm not sure it's clear to me at that time how substantively he's involved on the negotiations and the whole relationship, that it's only logistics or whether it's something more. I'm not sure. I know it's logistics for sure, but it may be more at that point.

MR. LIMAN: Well, when he's in Tel Aviv and they're in Tehran, you probably assumed that they were doing the negotiations in Tehran and he was really the communications link or one of the communications links between you and Tehran; isn't that fair to say?

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THE WITNESS: Certainly, and it's possible that he was more than that, but I'm not sure if that was true.

MR. LIMAN: Right. You don't know.

THE WITNESS: I can't recall whether any of the discussions that we had would lead me to conclude that he was more deeply involved in that, substantively involved in the relationship.

MR. LIMAN: Did you understand that he had any control over the bank account into which the proceeds of the arms sales were going?

THE WITNESS: On more than one occasion, on at least one occasion, on more than one occasion, I received a phone call from the CIA asking to confirm the bank account number of the CIA Swiss bank account into which the money was to be deposited, so that CIA could pay DOD for the arms, that the money, even though it was supposed to be there at that point, had not shown up.

It was late and CIA was wanting to backtrack through this complicated chain to see where it was hung up and passed to me the number of the bank account to double-check the number to make sure that it had been passed correctly and that it hadn't gone to somebody else's account, and that when they passed me this information it was for Colonel North or General Secord,

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that either of them would do as far as being able to accomplish that purpose.

MR. LIMAN: Now you understood that Colonel North was acting as an agent of the United States Government?

THE WITNESS: Was acting as an agent of the United States Government? North was an employee of the NSC.

MR. LIMAN: Well, that's an agent. He was acting not for himself but for the United States Government, correct?

THE WITNESS: Yes.

MR. LIMAN: And did you understand that Secord in receiving this money, in disbursing the money, was acting for the United States Government?

(Pause.)

THE WITNESS: I don't know if I really focused on that. I assume so.

MR. LIMAN: But you don't know whether you thought of it at the time and no one told you at the time that Secord is acting for the United States Government in receiving an disbursing these funds; is that fair to say?

THE WITNESS: Well, it was clear to me that this was a covert operation in which he was involved and that he was doing certain things that were not incompatible with the Administration desires and objectives and part of this covert plan.

MR. LIMAN: But did you think whether apart from the expenses of the operation and reasonable compensation at the time and services, whether Secord was to receive profit from this?

THE WITNESS: I don't think I ever focused on that.

MR. LIMAN: You never focused on it?

THE WITNESS: That there was a profit margin or not, no.

MR. LIMAN: And that was not anything that you discussed with Colonel North?

THE WITNESS: No, sir.

MR. LIMAN: Did you ever discuss with Colonel North why the money was going through a bank account that Secord seemed to be connected with rather than a CIA account?

THE WITNESS: No, sir. I never did.

MR. LIMAN: Was there any reason that was ever advanced to you why the CIA couldn't have established a covert bank account?

THE WITNESS: It did. That was the bank account into which the money was deposited.

MR. LIMAN: Well, was there any discussion with you as to why they needed another account, the Lake account?

THE WITNESS: No, sir, not that I can recall. I mean, CIA knew that. Colonel North knew that. Secord -- I mean everybody who was in this operation knew it and accepted it. It just seemed like the way it was set up.

MR. LIMAN: Now you had never seen anything like this before -- is that fair to say -- of marking up the price of goods so that the money could be used for a covert purpose?

THE WITNESS: I think that's fair. I had never been involved in a similar covert operation like this, yes.

MR. LIMAN: And so you assumed that whoever established this mechanism knew what he was doing?

THE WITNESS: Yes, sir.

MR. LIMAN: And you testified before that you were told by North that Casey knew.

THE WITNESS: Yes. At one point Colonel North told me about what -- I'm sorry.

MR. LIMAN: About the fact that money was being used for the contras.

THE WITNESS: Yes. At one point Colonel North told me that he had told Director Casey that, yes.

MR. LIMAN: Do you remember how soon after you learned of this -- by "this" I mean of the fact that money was being used for the contras?

THE WITNESS: Oh, I can't place that conversation in time. It's sometime, obviously, after I knew of it, which I think was about the April-May time frame. But I'm not sure.

MR. LIMAN: What occasioned him to tell you that Casey knew?

THE WITNESS: I don't know. I'm not attaching that to any particular -- I have a recollection. It's a very distinct memory, but it is not associated with anything.

MR. LIMAN: When you heard that money was being used for the support of the contras did you think that there was anything peculiar about it?

THE WITNESS: Peculiar?

MR. LIMAN: Yes, that it was unusual, idiosyncratic, that this is the way money would be generated to help the contras?

THE WITNESS: I thought it was a rather innovative sting on the Ayatollah in a way to make this whole hostage negotiation business, which no one felt very comfortable with. It had a lot of things that people didn't like -- a way to take a negative and turn it to advantage for the country with some pluses coming

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out of a bad situation.

MR. LIMAN: Did North tell you about it?

THE WITNESS: No, that's my -- you asked for my reaction, my judgment, I thought when I was told, and that was what I thought at the time. I don't think he mentioned anything like that. He only told me that some money, that some money was going to support the contra cause.

MR. LIMAN: You knew this was very secret.

THE WITNESS: Yes.

MR. LIMAN: And you knew indeed that if it became revealed that it could affect the fate of the hostages.

THE WITNESS: Very definitely.

MR. LIMAN: Did you also have any feeling as to whether it might be illegal?

THE WITNESS: I don't think I focused on that. Even now I don't think it was.

MR. LIMAN: Now you're not going to play lawyer with me, are you?

THE WITNESS: That's the last thing I would like to become or play or emulate.

MR. LEON: You're asking him for a layman's opinion.

MR. LIMAN: I assume -- and tell me if I'm

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correct, but I assume, Colonel Earl, that if North told you that he was about to do something that you thought was illegal, such as rob a bank to get money for the contras, that you wouldn't just simply write it down in your book.

THE WITNESS: I would not have been a party to something that I knew was illegal, that clearly was illegal to me. I mean, it's my obligation and my duty to not carry out an immoral or illegal order.

MR. LIMAN: And wouldn't you have said to Oliver North, who you clearly respected and admired, Ollie, there are some limits to what you ought to do for a good cause?

THE WITNESS: Yes, sir. In fact, I guess I prided myself on the devil's advocate role that I felt that I could play for him whenever I could. He trusted me. He listened to me. He respected my judgment and when I felt he was wrong then I would tell him so and he would listen to it and take it aboard and would acknowledge that when he had made a mistake in the past on certain things.

So that was one of the things that I thought I could do.

MR. LIMAN: And you didn't do it on this?

THE WITNESS: I did not, because I didn't

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think there was anything wrong with it.

MR. LIMAN: Why didn't you write it in your book? You write so much else in your book. Why didn't you make a single reference to this in your book?

THE WITNESS: I don't know. Most of the references in my book are phone calls.

MR. LIMAN: Messages?

THE WITNESS: Messages that I have to jog my memory on something that came in so that I can pass it to somebody, and there's going to be subsequent follow-up action on my part, that I don't want to forget something that I have to do. This wasn't something that required action on my part or that I had to remember in order to take any action.

MR. LIMAN: Now you said that you did play devil's advocate with North. Can you recall any occasions in which you discussed some things that North was going to do and you counseled either caution or don't do it?

THE WITNESS: Well, right now I can recall an after the fact playing of that role in order to help in future with interagency cooperation on terrorism that I tried to identify a mistake, if you will, that I thought was a mistake that he had made in a previous terrorist incident in handling it, and suggested to him that there

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was a different way to have handled this particular aspect, because the way he chose had defined repercussions. I can give you the details if you want.

And he acknowledged that. He listened. He took it aboard and he'd say yes, you're right, that was a mistake.

MR. LIMAN: Do you recall any problems that he put on your lap besides this one that you referred to, the way he handled the coordination on the terrorist incident?

THE WITNESS: I'm not tracking your question. He didn't put that problem on my lap. I offered that for free.

MR. LIMAN: But were there times when he came to you and put a problem on your lap and said, Bob, I've got this problem. We've talked about the fact that he was troubled about a Congressional inquiry, that he was left on his own to deal with it. Were there other problems that he came to you with and sought your advice on?

THE WITNESS: No. That's not really tracking. He wouldn't dump a problem on my lap. I mean, he would deal with his problems.

MR. LIMAN: And you would observe it.

THE WITNESS: And I would help him with it if

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I could, but that doesn't track with my perception of Ollie North. He would feel that that was shirking his responsibility. If he had a problem, he would deal with it. He wouldn't dump it on me to help him with it or deal with it.

There are occasions when he would confide things in me, just because we were like -- well, I guess like --

MR. LIMAN: The Iranian, the diversion?

THE WITNESS: The diversion. That to me was one of the confidences that I would put in that category. Another one would be when the negotiations got under way again in the last phase for the last hostage in November or October or even September, whenever it started again, that the Iran initiative got under way again. He confided in me then on the genesis of that and what was driving it.

He didn't have to. He wasn't giving me a problem, but he was just sharing something with me in a confidence basis. But I'm getting a completely disconnected type reaction from the way you phrased the question of dumping a problem in my lap.

MR. LIMAN: Did he ever tell you that one of the --

THE WITNESS: Oh --

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MR. LIMAN: You can strike that question because he is looking at the Tower report.

THE WITNESS: Counsel has pointed out a PROF note here where I was explaining the devil's advocate quote, and it was concerning the tactics of getting the aircraft flight plan clearance and dealing with Nir, where I had an op sec concern on certain things that we were going to share with Nir. So in a PROFs note on playing the devil's advocate role and suggesting that he might be able to protect op sec by not telling certain things to Nir until later.

MR. LIMAN: Did North tell you at the time of this Congressional inquiry that he was worried about the diversion?

THE WITNESS: No, sir.

MR. LIMAN: That did not come up as such?

THE WITNESS: No, and I don't think there were any specific worries of any sort that he raised with me. Now I described that he was concerned, but that's my feeling by observing him without specific conversation on anything.

MR. LIMAN: Did he discuss the diversion with you in connection with this Congressional inquiry?

THE WITNESS: No, sir.

MR. LIMAN: Did he discuss the diversion with

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you at the time he was working on the chronologies?

THE WITNESS: No, sir. I don't think so. I think we've already gone over this. I have some hazy recollection that there was at least one version or one draft of a chronology or part of a chronology that had a parenthetic reference to value to the contra cause or something in the credit column adding up all the good things out of this relationship with Iran, that there was some cryptic or vague reference to Nicaragua or the contras.

MR. LIMAN: You discussed that and you don't know who wrote that particular point?

THE WITNESS: I don't know who wrote it and I haven't gotten any feedback from anybody who recalls this. So I'm wondering if I carved that out of whole cloth or what. It may not be true.

MR. LIMAN: Well, on that subject, you know, of what you actually remember and what you now think you may not remember, you do remember being told about what we call the diversion.

THE WITNESS: Yes.

MR. LIMAN: Do you definitely remember the conversation that you have placed on the landing of the stairs?

THE WITNESS: Do I definitely recall it?

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MR. LIMAN: Yes. You do recall it. Did you invent it?

THE WITNESS: No. I recall that conversation. In our previous discussion of certain things you tend to remember because of the gravity of them or whatever. That one is in that category. I recall that.

MR. LIMAN: Okay. Mark, if you want to go through the notes, go ahead.

MR. LEON: On that particular conversation I have heard different versions or seen memos, whatever, different versions of what your recollection is. But before we go back to the notes could you just recount it?

THE WITNESS: My recollection is being at the top of the spiral staircase in our office after Colonel North had either resigned or been fired, depending on which version was real, and after the President's phone call to Colonel North, that he, Colonel North, was at the top of the stairs and turned to me, and I think Craig Coy was beside me on the right, and confided that one of the things the President had said in the phone call was that he, the President, recognized or that it was important that he, the President, not know -- words to that effect. I don't have an exact quote.

MR. LIMAN: But that was the substance?

THE WITNESS: That was the substance, yes.

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BY MR. BELNICK: (Resuming)

Q And you understood that the thing he couldn't know was what we've called diversion?

A That's the way I've interpreted it.

MR. LEON: But it was he could not know, not he did not know -- that he can't know. It was he could not know?

MR. KIRK: Or not know.

MR. LEON: You see, that's where I get confused, and there seems to me to be quite a bit of distinction between I did not know, I could not know, and I can't know.

MR. LIMAN: You have testified before the grand jury on this one.

MR. BELNICK: And on this record also.

MR. LIMAN: Yes, and on this record. You've been through this any number of times.

THE WITNESS: And it's could not know, as opposed to didn't know -- could not know or can't know as opposed to didn't know. Didn't know is something different.

BY MR. BELNICK: (Resuming)

Q Well, you understood him to be saying that the President was saying to Colonel North that you understand there are certain things that I as President can't know,

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and he was sending Colonel North a message. That's how you understood it, right?

A Or that he was relaying that some people around him were saying, had made the observations that this thing you don't know about.

Q Meaning that even if you do know about it, you don't know about it any more, right?

MR. LIMAN: That's the way you would interpret it.

MR. BELNICK: That's how you understood it.

MR. LIMAN: I mean, look, what Colonel North told you is not necessarily true, believe it or not. But your interpretation of it was this; am I correct?

THE WITNESS: Yes.

MR. LEON: But I just want to be very specific on one thing, to the extent he does recall. Was it his impression that the President was -- that North was saying the President said I could not know or I can't know. There are things I can't know or things that I could not know.

THE WITNESS: I'm not differentiating. You'll have to amplify that for me. I don't see any difference.

MR. LEON: You don't see any difference between them?

THE WITNESS: No. Explain further between

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can't and couldn't.

MR. LEON: Well, if you're saying I can't know, you mean things like can't right now or in the future, but if you are saying things I could not know, then that would include within it not being told something on a prior occasion.

THE WITNESS: You mean I'm the only one who can't differentiate those two?

MR. KIRK: May we take a break for a minute?

MR. LEON: Let me see if I can explain it simpler after we take a break. I will see if I can explain it.

(A brief recess was taken.)

BY MR. BELNICK: (Resuming)

Q Are we ready?

A I am ready.

Q Did you ever have any meetings with the President?

A I met the President once when Father Jenko was released and was meeting with Father Jenko's family in the Cabinet room. I met the President then.

Q Was that the only occasion?

A That was the only occasion. Well, I was in the Oval Office once for another subsequent hostage release, but I didn't meet the President, shake his hand

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or talk to him or anything.

Q You have had a conversation with the President?

A No, I have not.

Q You testified the first day of the examination, Bob, about North's statement to you on, I believe it was, Friday, November 21, when he returned from a meeting at the West Wing, that it was time for Ollie North to become the scapegoat, or words to that effect; do you recall that testimony?

A Yes.

Q Aside from that, was there ever an occasion when North told you that he thought he was being treated unfairly in connection with his job, his termination, anything?

A I am not recalling anything right now.

MR. LEON: What about the Poindexter incident?

THE WITNESS: Well, I was about to mention that, but I've already talked about it. That could possibly qualify, that he was trying to get guidance for this thing.

BY MR. BELNICK: (Resuming)

Q Aside from that?

A I have a general impression -- and I don't really know why -- but my impression is that Colonel

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North was surprised when his release was phrased the way it was -- rather than his resignation being accepted in the manner that Poindexter's was. So that possibly is relevant to your question as well. That's all I'm recalling at the moment.

Q Do you recall now whether North told you who had decided that it was time for him to become the scapegoat on November 21?

A No. It was just a generic reference from his statement, having come from the meeting -- unidentified who it was coming from -- collectively or an individual, whether he was told to be or whether he volunteered to be. I don't know.

Q Did he seem angry when he told you?

A No, he didn't seem angry.

Q He was just telling you that I'm about to be the scapegoat?

A Yes. He was purposeful would be the best adjective. I think I would describe it that because he was beginning to go through material to do a job that needed to be done.

Q I know that I've asked you this before.

MR. LIMAN: Wait a minute. I'm sorry. He was about to go through material?

THE WITNESS: He was going through material

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when he told me this. He was starting to review files and accumulate material.

BY MR. BELNICK: (Resuming)

Q A pile to be shredded?

A Well, I'm not sure whether he was turning and throwing some in the garbage, but my impression was that he was already then beginning to --

MR. LIMAN: Accept the role? Is that what you're talking about?

THE WITNESS: Yes.

MR. LIMAN: Because, you see, to me when someone accepts the role of a scapegoat he doesn't go around defending himself or protecting himself by shredding documents. Who did you think he was protecting by destroying all these documents?

THE WITNESS: The Administration.

MR. LIMAN: Okay.

MR. LEON: As opposed to the Admiral?

THE WITNESS: Well, the whole thing together of what he said there, also with the statement that he said that the Attorney General had said. It seemed to me that the box, the compartment, the Iran project, was not, that phase two on that, which was the explanation to the Congress, was not washing, was not going over, and that therefore the decision was taken to go to phase three,

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which was termination of the project, that it was politically embarrassing and that the political mistake, if you will, of the whole Iran operation would be blamed on Oliver North.

That's the sense that I interpreted that he was going to be the scapegoat for this failure, this mess of the Iran thing, and so he was doing his duty. He was going to be the recipient of the blame for it, and I don't know what.

MR. LIMAN: And shred anything that showed that other people were involved?

THE WITNESS: And close down the compartment completely on anything sensitive, which would include, for example, the diversion as a very sensitive part of that box.

I recall previously in trying to get some guidance from him on things that were sensitive as to not, when Lieutenant Commander Coy, when I inadvertently brought Lieutenant Commander Coy into the box, that he mentioned the pricing and the list on the weapons as being one of those sensitive areas.

MR. LIMAN: That he didn't want Coy to know?

THE WITNESS: Yes.

MR. LEON: Colonel, did you get the impression from anything North said or did with regard to the culling of these documents and the shredding of these documents that Admiral Poindexter was aware of it?

MR. LIMAN: Was aware of what?

MR. LEON: Was aware of what he was doing, of what North was doing. Did you get any impression from what either North said or what he was doing or how he was doing it that this was something that he was doing with the knowledge of Admiral Poindexter?

THE WITNESS: No. There was no specific reference to Admiral Poindexter or anything that was said that would indicate one way or the other beyond a general -- my presumption would have been that Admiral Poindexter was at this meeting in the West Wing that he had attended, from which he came, so that's kind of a general sense of it. But nothing more specific than that

MR. LIMAN: Along the same line, shredding of documents, you would agree with me that shredding of documents by one person would be ineffective if there were copies kept by other people, right?

THE WITNESS: Certainly.

MR. LIMAN: Did you have any discussion with Oliver North about whether others would be shredding documents?

THE WITNESS: No, sir.

MR. LIMAN: And you had no indication from

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anyone else about whether anyone else was shredding documents besides the people in your suite?

THE WITNESS: No, sir, I did not. No, I had no indication.

BY MR. BELNICK: (Resuming)

Q Okay. Let's see if we can get through these. Okay, page 164, the 12th of March, 1986. There is this reference, "pills, tested for hallucinogen? Get pills to Rich Miller". What's it mean?

MR. LEON: What page is that?

THE WITNESS: Page 164.

(Pause.)

I kind of generally recall having written this, but I don't recall what it was about. It's in the context here of contra, a pro-contra presentation, if you will, that ultimately was presented at the State Department. The President then gave a speech. There were photos around and various Nicaraguans gave short speeches.

March? No, I'm not sure if that's the right time frame.

BY MR. BELNICK: (Resuming)

Q Did anyone give out pills?

(Laughter.)

A No, no. I don't know. But there are a lot of

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references on this page to DEA, drug photos, Pablo Escobar.

MR. LIMAN: Well, you know what this was about. This was when there was a discussion about the fact that the Sandinistas were exporting narcotics. Isn't that what this refers to?

THE WITNESS: Well, the other references are, but I'm not sure if that one.

BY MR. BELNICK: (Resuming)

Q Get pills to Rich Miller.

A It seems to me that somehow we had acquired some pills.

Q It's hard work, but someone has to do it.

(Laughter.)

It may have fit in this category.

A And Rich Miller would have gotten them tested to see what they were.

Q Somebody would have tested them. All right, we're on to the next notebook.

A I mean, part of that display that I mentioned at State Department included a photograph with Frederico Vaughn and Barry Seale in the C-123 which ultimately was shot down, which was the sting on the Nicaraguans, on the Sandinistas for --

MR. LIMAN: Drugs.

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THE WITNESS: For the drugs being smuggled through Nicaragua to the United States, yes.

BY MR. BELNICK: (Resuming)

Q Okay. We're into the third notebook. This one is your notes from June 17, 1986 to September 5, 1986. Now there's a note on page 20, which appears to be the second of July 1986. Most of the page, as you can see, has been blacked out by our friends at the White House and then there's a number 6, and it says: "Treasury -- Bank Secrecy Act, $10,000 transactions. Must we report it, 501(3)(c) organizations, tax exempt. IRS has all information."

A "And they are wide open."

Q "And they are wide open. Freedom of Information Act, anyone can get." Do you recall what that note is about?

A Do you have the page in front?

Q Yes, and the page in front is completely redacted by the redactors.

A Well, it appears to be something that occurred in an IG/T meeting.

Q What was IG/T?

A The interdepartmental group on terrorism. I'm sorry. What are we looking for -- 2 July? IG/T meeting at State at 1000 on 2 July. So I think this is my notes

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from that meeting, most of which are irrelevant to our discussion here, which is why they are blacked out, because they pertain to terrorism. But whoever did the redactions feels that that one is not irrelevant.

Q Well, how do you feel as the author of the note? Does it have anything to do with Central America or Iran? I can see why the redactor left it in.

A No, I don't think it does. I think it's a worldwide application on countering terrorism as opposed to something on Central America itself.

Q Gotcha. Here's a note, page 24 of your notebook, and as best I can tell from the earlier pages we're still in July. We'll take a look later. Yes, still in July.

The note I'm looking at is "G beats on Iranian", correct?

A Uh-huh.

Q "For using price as an excuse."

A Uh-huh.

Q What was that all about?

A Okay. This is CIA relaying to me, I believe, I suspect CIA relaying to me the substance of a [redacted] conversation [redacted] that occurred [redacted] between Ghorbanifar and that individual, and that was the subject.

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Q An Iranian?

A Yes.

Q Now there is a note on page 28, and I'm trying to get a date. I think it's clearly still July, around the 6th or 7th of July. "G concluded deal with someone other than the Iranian Channel 1. Another Iranian relative in Paris in contact with G." That's Ghorbanifar?

A Correct.

Q "Because we were once again lied to, all commitments off. We are closing this thing down." What do those notes mean?

A May I see the page before it?

Q Yes, certainly. Here's page 27.

A Well, I recall that this line, this argument, this statement --

Q "Because we were once again lied to"?

A Well, I recall it as a negotiating statement that our side would use on at least one occasion, on that occasion, I guess.

Q Again, just for the record, this [redacted] reference on page 26 has nothing to do with this, I take it, or does it?

A No, I don't think it does, but I am looking to see what the rest is around it.

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MR. LIMAN: What were you talking to [redacted] about?

THE WITNESS: I don't know. This is July?

BY MR. BELNICK: (Resuming)

Q Yes, July '86.

A That looks like a Hill telephone number.

Q That is a Hill telephone number.

A It could have been he called up to talk to Colonel North and I took the phone number down to relay what was going on.

MR. LIMAN: The message to be cited has nothing to do with [redacted]

BY MR. BELNICK: (Resuming)

Q Page 29 of your notes, still the same day in July, "mail that was lost was finally found". It appears to be a message from Dutton.

A May I see the page in front of it?

Q Sure.

A Well, this is a phone message that I think I am copying down so that I can get it to Colonel North and it appears to be from Dutton, although I'm not quite sure why I have a question mark there.

MR. LIMAN: Maybe because he used one of his many names.

THE WITNESS: Okay. That's a good point,

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because for a long time I only knew him as Bob McAlister and did not know his real name. That's quite true. And maybe even at this point in July I'm treating Dutton as a separate person than McAlister. But, in any case, the substance of the message suggests to me that a KL 43 message [redacted] that people had been talking about or running or referring to finally was tracked down and showed up.

BY MR. BELNICK: (Resuming)

Q Okay. Page 59 of your notes, at the end of July 1986, "Ami" -- is that a reference to Ami?

A Amir.

Q "Ami briefs VP re G-Iranian channel. VP said he thought it had died." Then's a fragment, "VP to". What do you recall about that note? Did someone tell you that Nir had briefed the Vice President in Israel at the time on the Iran?

A Yes. Clearly somebody is conveying to me.

MR. LIMAN: Is the somebody Gregg, Don Gregg?

THE WITNESS: Don Gregg?

MR. LIMAN: Watson?

THE WITNESS: That's possible. That's somebody on the VP's staff -- Gregg, Watson or somebody else. Could have been passed on to us.

BY MR. BELNICK: (Resuming)

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Q Just so the record is clear, Don Gregg didn't know anything about it, so it probably would have been Craig Fuller, if somebody on the Vice President's staff.

A Another possibility is Nir is passing on to us that he had briefed the Vice President, and I have a real note there.

Q But you knew nothing more than what someone was reporting to you to give to Ollie?

A Correct.

Q Okay. Now we are in the period of August and I'm at page 77 of your notes, which begin with references to Felix Rodriguez/Maximo Gomez "suicidal, crazy. helicopter pilot", et cetera. "George Bush real Darth Vadar." Why don't you look at those notes and tell me who was giving you that information?

(Pause.)

A All right. I think that this section of page 77 refers to a conversation that I had with Colonel North prior to my meeting with Felix Rodriguez with Don Gregg, the next day or very shortly thereafter and Don Gregg was wanting Colonel North to meet with Felix, who was coming into town, but Colonel North was leaving that night or was going to be out of the country and therefore I was going to represent Colonel North at the meeting.

And I asked who the hell is Felix Rodriguez,

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and so in a couple of minutes or seconds Colonel North gave me some description of Felix, that he had been a suicidal, crazy helicopter pilot in Vietnam, I think, that he had participated in the Bay of Pigs. Yes -- SVN, that he had been in South Vietnam, that he had somehow arranged for the Miami mayor to fly to [redacted] base from [redacted] on one of the Project Democracy aircraft, and that these two reporters, who I think are Miami Herald or Miami Times or something like that, were breaking a story that was going to claim -- I think the next line is related -- that George Bush was the real Darth Vadar behind all of this.

And that (indicating) is a repeat of the earlier. Oh, and then he mentioned who [redacted] was, that he was a friend of Max Gomez, th[redacted] [redacted] was [redacted]

Q Did North tell you what Rodriguez was doing down there in Central America?

A I'm not sure whether he told me then or later. I subsequently learned about this involvement on advising [redacted] in their guerrilla battle and use of helicopters, I think, in that.

Q Did you learn whether he had a role -- "he" being Rodriguez -- let me ask you again, did you learn whether he, Rodriguez, had a role in helping the contras?

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A I gathered from all of this that Felix was not really involved with that, but that because of his relationship to [redacted] he had insinuated himself into an indispensible position and was effecting some control and that this was a problem because he was not in the Democracy, Inc. chain of command or structure.

Q Didn't North ever tell you that he had given Felix instructions and that Felix was working for him?

A I don't think so. I don't think he told me that. My impression was that he was someone who was mucking things up.

MR. LIMAN: Out of control, right?

THE WITNESS: Yes, sir.

BY MR. BELNICK: (Resuming)

Q You went to the meeting the next day in Don Gregg's office?

A Was that the next day? Whatever the day is. I don't recall specifically.

MR. LEON: Let me just ask one question before you go to the next one. Did North indicate on that day that he had previously met with Gomez, with Dutton present, back in June and had reprimanded him back then? Did he indicate that to you?

THE WITNESS: I don't think so, no. Until you mentioned that meeting just an hour ago, that's my first

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knowledge of that meeting of the three of them.

BY MR. BELNICK: (Resuming)

Q We have pages 80, 81, 82, 83 of your notes, which are all August 8, and I think all pertain to the meeting that you attended. Why don't you look at the notes, scan them first briefly, and confirm that they pertain to that meeting, and then you can use them to refresh your recollection as you tell us what happened at that meeting.

A Starting here where it says "Felix"?

Q Yes, I believe so. It's starting on page 80 of your notes. This was a meeting with you, Don Gregg, and Rodriguez?

A And I'm not sure whether Sam Watson was present on that one. I think he was present at at least one of the two meetings, possibly both but maybe only one, and the one being the second one. But I'm just not positive.

Q Apart from that, though, apart from Watson being present, it was you, Don Gregg and Rodriguez?

A Yes. It may have just been the three of us. If there was a fourth, it would have been Sam Watson.

Q Fine. And this was in Gregg's office?

A Yes.

Q Okay.

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A Let me just skim through the whole thing to get the context.

(Pause.)

Q What happened at the August meeting, as your recollection and your notes indicate?

A Don Gregg introduced me to Felix. We sat down and they had already been meeting for some time, so Felix had already related to Don Gregg the substance of his concern, but because I did come to the meeting, I came in late, Don asked for him to repeat what he had already told him, Don, and so Felix said that he felt that -- it says the folks buying the aircraft, but the way I interpret it is that the folks operating the aircraft in Central America, the resupply operation, that he thought they were cutting and running, I guess is the best way to describe it.

And that [redacted] according to Felix, was under the impression that the aircraft that were supporting the contras belonged to the contras as opposed to were an independent entity's property in direct support of, and that therefore rather than lose these contra assets that Felix claimed tha[redacted] was not going to release the three aircraft [redacted] that the U.S. would lose credibility if this all happened, that

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[redacted] would threaten to close down [redacted]

And there's a reference to SAT having cleared an aircraft down, but I'm not sure exactly what that means any more, but that this aircraft was loaded with medicines. Felix said that Quintero wanted to sell the aircraft for his own profit, and then we got into a discussion of the mayor of Miami and his flight from Miami to wherever it was, whether that was authorized or not.

And Felix claimed that General Bermudez had requested that the Mayor of Miami come down and that that's why it was done or why he arranged it and it was authorized, et cetera, et cetera. And then Don Gregg made the observation to me that he had found out from Felix that a man named Tom Clines was involved in this and that Don Gregg felt that this really shocked him, that Tom Clines was a sneak, that he'd sell his own mother, and that it really disturbed him that Tom Clines was involved in this operation in any way.

Then back to the subject of [redacted] and this business of what to do on the aircraft. Again, Felix threatened that [redacted] might impound the aircraft or he may charge $600,000 for takeoff rights and that he, [redacted] was mad and waiting for word and, similarly, [redacted]

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[redacted] according to Felix, and that position was that the three aircraft that were there should stay in business until replaced by Agency means, CIA means.

And then I think that's the end of the notes on that meeting. It then leads, later down on page 81, to my -- since Colonel North was not around and this was obviously a problem, my relaying of the substance of the meeting to McAlister, Bob Dutton, so that someone in the organization would be aware of this problem and deal with it.

MR. LIMAN: And what did Dutton say?

THE WITNESS: I can read that message if you want. Do you want me to read the message or read Dutton's response?

MR. LIMAN: Give me the message you gave to him and his response.

THE WITNESS: The message I sent to McAlister was that Felix claims the aircraft owners were attempting to cut and run now that they've heard CIA isn't taking over the operation. He say [redacted] was not releasing the aircraft because he claims they are contra aircraft. [redacted] will close dow [redacted] and so forth to contra and U.S. actions if the issue isn't resolved. Other threats include charging "landing fees" of $600,000,

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exposing the whole operation and so forth.

Paragraph two. Regarding the specific charge of air piracy, Felix claims he had cleared the flight with SAT, that it was an already-scheduled but postponed flight of medicines donated by the mayor of Miami. Point three, paragraph three, Felix says General Bermudez had requested the mayor to come down.

Paragraph four. The bottom line is [redacted] [redacted] wants the three aircraft to stay in business until replaced by CIA means. Paragraph five. I'll -- referring to me -- that I would be seeing Colonel North tomorrow. Please give me your reaction -- that's asking for McAlister's reaction to all this -- and anything else you would like me to pass to Colonel North.

Then McAlister's reaction to that was, and I quote: "horseshit", that they, Democracy, Inc. intended to continue operations as normal, that the flight at issue in the earlier message had not been cleared with SAT, that Max had no right to take the aircraft, that -- and I'm not sure who was supposed to have done this, but there was a reference to whoever was supposed to have resolved the problem with Felix, had accomplished the mission and succeeded in getting control of Felix.

And McAlister suggested that someone, unidentified who, should call [redacted] and say

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that Felix is unauthorized and that's the extent of his reaction to the message. Let's see if there's anything more here.

MR. LIMAN: What did it mean to you that Democracy, Inc. would continue operating as usual?

THE WITNESS: Intend to continue ops -- in that one?

MR. LIMAN: Yes.

THE WITNESS: That from the Democracy, Inc. side that all of this was groundless, the charges of cutting and running and stopping support, that they continued to continue to support the contras with the air support, as they had been doing.

Then, as a follow-on, and maybe this is -- I think after the meeting Don Gregg came up to my office just to follow up on my reaction to the meeting, and I was not in the compartment and not dealing with the problems and so I couldn't really give him any reaction, but I got some further feedback on his, Don Gregg's reaction to the meeting.

He told me that Felix was returning to Miami on Saturday and that this corruption problem was what really bothered Don Gregg about this, the mention of some individuals who were supposedly involved somehow.

MR. LIMAN: Who were they?

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THE WITNESS: Well, the only name that I recall is the one I mentioned earlier -- Tom Clines -- but I don't think that was exclusive. I think Don Gregg had gotten other names from --

MR. LIMAN: Quintero?

THE WITNESS: Possibly that is one. I mean, that's one name that is in there, but whether that is in this category of disreputable names or not in Don Gregg's mind, I don't know.

MR. LEON: Didn't it concern you, Colonel, that Ollie was directly implicated in running this operation or didn't Gregg give you that impression when you met with him, that Ollie's name had come up from Felix and that Ollie was running this operation and that these guys were involved in it and that it would reflect poorly on the NSC or the White House?

THE WITNESS: That these people who Don Gregg said were disreputable characters?

MR. LEON: Uh-huh.

THE WITNESS: No. I didn't know these people and so I did not have the same reaction.

MR. LEON: But, you see, the link between Colonel North and this organization?

THE WITNESS: I took Don Gregg's point that these people, if they were disreputable characters, as

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Don Gregg claimed -- and I had no reason to disbelieve him; I think that that was quite probable -- that if they were in fact linked up with this operation in some way that it could raise questions about the operation.

But I would also say that from my own general sense of how one deals with terrorism and how the DEA deals with drugs, dirty problems require dirty people to be dealt with, and so it didn't necessarily to me suggest that there was something wrong with the operation. There may be some miscommunication here, misassessment or that these people were being used for certain indispensable things but not really contaminating the Democracy, Inc. structure.

MR. LIMAN: Did you know Don Gregg at the time you were working on the Vice President's Task Force?

THE WITNESS: Yes. And I also vaguely recall him from CIA when I was out there.

MR. LIMAN: So Don Gregg certainly appreciated the fact that if you are going to be involved in some types of, as you call it, dirty operations you are going to have to hire people other than priests and rabbis, right?

THE WITNESS: Oh, I think he would have had a similar appreciation to mine, yes.

MR. LIMAN: And yet this bothered him because of the people involved.

THE WITNESS: Oh, I'm not writing it off saying I had just explained it away. No.

MR. LIMAN: But he was concerned not that they were just bad characters in general but that they were ripping off the operation. That was what Felix' charge was, wasn't it, that they are going to cut and run?

THE WITNESS: Well, my impression from the meeting, the only time I've ever met Felix Rodriguez, but sitting there talking to him and looking at him, I did not come away with a favorable impression as to how much truth he was telling.

MR. LIMAN: He was very emotional about it?

THE WITNESS: He was emotional, but I think he was also putting words in other people's mouths. [redacted]

MR. LIMAN: It was true tha[redacted] was supporting [redacted]

THE WITNESS: Supportin[redacted] that he was embellishing his argument for his own purposes.

MR. LIMAN: Sure. You had no doubt that he was an advocate for Max Gomez and Felix Rodriguez, as we call them.

THE WITNESS: Was an advocate?

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MR. LIMAN: Was an advocate. He came there to advocate a point of view. That's what he was doing, wasn't it?

THE WITNESS: Yes.

MR. LIMAN: And you thought he was embellishing it?

THE WITNESS: Embellishing it and had his own purposes wrapped up in this.

MR. LIMAN: And what were those purposes as you saw them?

THE WITNESS: Well, I wasn't sure. There was a reference from my earlier conversation with North the night before where I got the impression that Felix had insinuating himself into this indispensable position between Democracy, Incorporated and [redacted] and that from the Democracy, Inc. side that they preferred to deal direct and that Max was screwing things up and that from Max's side he was probably seeking to protect his job of indispensability or that he didn't see himself as an impediment, that there were two sides to the issue here.

MR. LIMAN: Right, but did you not realize that what he was urging was that the planes belonged to the contras and should be left?

THE WITNESS: And I didn't know whether that

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was true, and I didn't think so.

MR. LIMAN: You didn't think what?

THE WITNESS: That the planes belonged to the contras.

MR. LIMAN: Why didn't you think that the planes belonged to the contras?

THE WITNESS: Because -- well, I think it's --

MR. LIMAN: Because Dutton told you they belonged to Democracy, Inc.?

THE WITNESS: I'm looking, but I don't see anything specific on that, but that was my impression.

MR. LIMAN: But who was Democracy, Inc.?

THE WITNESS: It was Dutton, Secord, and --

MR. LIMAN: But do you know where they were getting the money to buy these planes?

THE WITNESS: No.

MR. LIMAN: Now let's go on. I'm not asking you to speculate.

THE WITNESS: I did not know where they were getting the money for the planes. I could have guessed on certain things, but I didn't.

MR. LEON: Just a couple of quick questions before you move on. Did you get the impression or did Donald Gregg say, either one or the other, that this was a matter that concerned him to the point where he was

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going to bring it to the attention of the Vice President? Did he either say it directly or did he give you that impression?

THE WITNESS: I haven't thought about that. I don't think -- I don't have the impression and I don't think there's anything that I can recall. There isn't anything that I can recall to suggest that he was going to brief the Vice President on it, that he was hearing out his friend from previous contact in southeast Asia, Max Gomez-Felix Rodriguez, on a problem, that was relaying it to the appropriate authorities in the U.S. Government that were dealing with the contra issue -- that being Colonel North -- and that he had served as that intermediary to get the problem addressed.

MR. LEON: But at some point he did say that he wanted to call a meeting of other people to relay that to him?

THE WITNESS: Well, I don't know whether he said that to me. There clearly was a meeting and I was invited to it, and I attended. I don't recall how it arose.

BY MR. BELNICK: (Resuming)

Q It was four days later. I know this well.

A Yes. There was a meeting, because I don't think he said that. I was kind of surprised that there

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was a follow-on meeting and that there were all these people there who I didn't expect to be there, because they weren't in the compartment.

MR. LIMAN: Who were they?

BY MR. BELNICK: (Resuming)

Q We went over the list. I will name them with you in a second. Let me just ask you did you ever tell Gregg about -- did you ever ask Gregg about Rodriguez' character and whether he shared with him the allegations that Rodriguez was out of control?

A The answer is yes, and I'm not sure when, but it was in a phone conversation that I had with Don Gregg in which he asked me to come down to the meeting or whether what I think was a subsequent meeting in my office when Don Gregg came up after the meeting, I think, I'm not positive, but to follow up.

Q In any event, you shared the allegations with him?

A At some point I alluded as best I could in a gentle sort of manner some of the reservations about Felix Rodriguez.

Q What did Gregg say?

A That I had acquired from Colonel North, and Don Gregg reacted very strongly to that and that's what I remember, that he lashed out at me for questioning Felix

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Rodriguez in any way, that it was clear that they had a very strong personal bond and that they had fought together in war and had almost a blood brother relationship, if you will, and that I had touched a sensitive nerve in even raising that possibility.

Q Was August 8 the only time you ever met Rodriguez?

A Yes, I think so.

Q Did you form any impression of him on your own at that meeting?

A Yes, and I attested to that while you were gone from the room.

Q Now August 8, page 84, on the bottom first, the note says: "Owen - 3, Fawn told Jim of System IV item." Jim. Is that Jim Radzimski?

A Yes, it is.

Q So Jim told Vince -- is that Vince Cannistraro?

A Correct.

Q Who insisted on concurrence, blank project -- blank being something that's been redacted. What is that reference to?

A There was an unrelated sensitive project that we developed some paperwork for and it was one of those that was compartmented and I felt should have been done the way other sensitive compartmented operations were dealt with, from what I observed, which is non-log, but Fawn had put it in System IV because it had some relevance to intelligence.

But it was in a compartment in which Vince Cannistraro was not supposed to be, so Jim passed on the substance of the thing immediately to Cannistraro, so we brought Cannistraro in the box, which is one reason Systems IV weren't used, that people outside the box were brought in by using that system.

Q There is a note on page 86 that says "Buckley, yes, by one count is dead."

A Oh, this is merely a list of U.S. casualties from terrorism overseas, that we had an unclassified list and so the question was at what point do you count Buckley in that we believed he was dead for quite a long time but were not publicly acknowledging that, and so in which years, 1984, 1985, or 1986 would you show this addition to that.

Q Now, starting on page 87, we are still in July, on to page 88 there are notes that concern Nir, offers of weapons and some money information. Would you look at those two pages?

A Starting here (indicating)?

Q Yes, starting with the Nir note on page 87.

There are notes on page 89 which I will hand you pertaining to the same thing on the top. What are the notes referring to?

A Let me set the stage more generally. This triggers a memory that in this episodic relationship with the Iranians up and down and up and down, in down periods when we had clearly run the extent of negotiating flexibility beyond which we just couldn't go any further and it was dead, one way that was used to put additional pressure on the Iranian side was to put pressure on Nir and that Nir would then put pressure on Ghorbanifar and the Iranians of his own. There always seemed to be a special relationship between Ghorbanifar and Nir.

MR. LIMAN: You understood Nir was handling Ghorbanifar, right?

THE WITNESS: Ghorbanifar, and I don't think our side ever knew really what exactly that relationship was. We were suspicious of it -- that there was something there. We didn't know how much Ghorbanifar was working for Nir.

MR. LIMAN: You were suspicious?

THE WITNESS: Yes. So this seems to me to be one of those references and I'm not sure who it's coming from, but someone is making the observation that a pot sweetener was thrown in by Nir of possibly F-4, F-14 or

Sidewinder parts to keep this joint -- emphasis on "joint" -- U.S.-Israeli operation alive.

I am guessing in reading it it seems to be coming from Colonel North, this whole section is, but I'm not sure of that. But I can't conceive of who else might he saying that, because he's talking here about Nir having three copies [redacted] not been shared [redacted] that Nir, I think, showed North.

BY MR. BELNICK: (Resuming)

Q On page 88 what does this mean -- "Nir wants this to succeed. Nir out at least $700,000-plus because we overcharged him on TOWs -- $1 million."?

A Because of this pot-sweetener role that we would periodically put pressure on Nir to be in, to make this thing succeed when we no longer had any leverage, that from our side I think it was recognized that Nir obtained money from whatever sources he had and was out on a limb for money to get this thing moving again.

Q What does it mean "because we overcharged him on TOWs"?

A I'm not sure. Possibly what that triggers is a memory that there was some -- it may have been a problem with one of the shipments of TOWs, that it was not the right, the most up-to-date version of the TOW and that they were buying one and got a less capable version or something. That may be it. But again I'm not sure.

MR. LIMAN: Would it trigger your recollection if I were to tell you that when the October shipment of TOWs was sent to the Iranians that it was switched so that the Israelis would get those TOWs and send on the ones that they had already been resupplied?

THE WITNESS: October '85?

MR. LIMAN: '86, on the 500-TOW transaction that was done with Iran.

THE WITNESS: The last one?

MR. LIMAN: Yes.

THE WITNESS: It was through the second channel?

MR. LIMAN: That's right. There was a substitution of the TOWs so that the Israelis got the new ones and the Iranians got the ones that previously had been shipped to Israel. Does that ring a bell?

THE WITNESS: That rings a bell and that may be partially the reason for it.

MR. LIMAN: Does that compensate them for the $1 million that they had been overcharged?

THE WITNESS: This is what time frame again?

BY MR. BELNICK: (Resuming)

Q August '86.

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~~TOP SECRET/CODEWORD~~

A I'm not relating what you are talking about to this time frame. Possibly. But my recollection of the decision of the switch was that the deal had finally been approved and was moving, that money from the second channel had been sent and so we could get on with it, but the DIA and CIA weren't ready yet because of logistics delays and that we would have to wait another week before we would commence movement of the U.S. TOWs, and that therefore the decision was taken, well, let's just send them the ones that are in Israel already, so that we can move on this and not have the hostage die while we are just waiting here for the next ten days and then replace these. But that's the motivation rather than this, but what you said is possible as well.

MR. LIMAN: Did North ever tell you that the Israelis had paid $1 million to either the United States or Lake or some instrumentality of the United States in November of '85?

THE WITNESS: I don't think so.

MR. LIMAN: You probably read that in Secord's testimony or heard it from testimony you have heard.

THE WITNESS: Well, I have listened to parts of it, but I'm not sure if I heard that part or not.

MR. LIMAN: Were you ever told that the [redacted] had given any money to the contras?

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THE WITNESS: I don't think so, although if there is a reference to it in the notes it's possible. I'm not getting the recollection right now. I do not recall that I was told that.

MR. LIMAN: Were you told that [redacted] had given money for the contras?

THE WITNESS: No.

MR. LIMAN: [redacted]

THE WITNESS: I mean, all of these questions are striking me as irrelevant. I mean, I would have no occasion to be told any of this. It's not tracking.

MR. LIMAN: I understand that you are a great believer in compartmentalization and that's the essence of all classification systems, but there must have been occasions in your career when somebody told you something that you weren't in that compartment for, right?

THE WITNESS: Sure.

MR. LIMAN: And so when you say it's not tracking or wouldn't be relevant --

THE WITNESS: It's not only not tracking because of that strict compartmentation, need-to-known principle, but because of that which I was involved with. There would have been no need for me. I mean, I didn't need any of those facts.

MR. LIMAN: But there wasn't any need to tell

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you that the Ayatollah was paying for support for the contras, was there?

THE WITNESS: No.

MR. LIMAN: So Ollie shared some secrets with you.

THE WITNESS: Okay. All right.

BY MR. BELNICK: (Resuming)

Q Let me put it this way. Did he tell you that Country 7 did it?

A I don't know the countries by number any more than otherwise. I knew the Washington Post would tell me that.

Q Why don't we stop here? We will go off the record now and schedule a date to finish this up.

(Whereupon, at 4:50 p.m., the taking of the instant deposition recessed, to reconvene at a later date.)

____

Signature of the Witness

Subscribed and sworn to before me this ______ day of

____________________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

~~TOP SECRET/CODEWORD~~

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5/22/87 - Friday
N 604
Earl Exhibit 1A

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NATIONAL SECURITY COUNCIL

Ollie:

I strongly suspect that the Boland Amendment (like the War Powers Act) is patently unconstitutional.

Bob Turner can give you a reading on this - if it comes to this kind of defense. (Of course, it might have to go to the Supreme Court, but if you didn't have to foot the financial and personal burden, it would be worth it.) Hang in There!

Bill

[illegible] 12/1/86 KT

[illegible] 9 June 1987
[illegible] E.O. 12356
[illegible] Security Council

1076

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ORIGINAL

TESTIMONY OF ROBERT L. EARL

Saturday, May 30, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Continued deposition of ROBERT L. EARL, called as a witness by counsel for the Senate Select Committee, at the offices of the Senate Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 9:05 a.m., the witness having been previously duly sworn, and the testimony being taken down by Stenomask by RAYMOND HEER, III and transcribed under his direction.

Partially [illegible]/Released on 12-6-87
[illegible] E.O. [illegible]
by K. [illegible] Security Council

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APPEARANCES:

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PROCEEDINGS

Whereupon,

ROBERT L. EARL,

called as a witness by counsel on behalf of the Senate Select Committee and having been previously duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. LIMAN:

Q On the record. You are still under oath.

By the summer of 1986 you were well briefed into the Iran compartment; is that correct?

A I would say so, yes.

Q When did you first hear about the efforts to open up a second channel?

A I'm not sure if I would be able to come up with a date on that. I can give you a couple of relevant indicators on that. One is that in the summer or late summer, I guess it was -- it was actually in the fall -- I took a week's leave and I'm not sure whether it was August or September. I would have to look up, which is something I think you all have, but my sort of calendar.

But during that week's leave was the visit by some Iranians to Washington, and so I was gone during that week and I found out about it afterwards. I know that the second channel was being explored at that time with this visit to establish bona fides, that from the second channel's perspective they could see that they really were talking to who they thought they were talking to.

So obviously there was discussion prior to that in setting it up, but how far back. One other -- I can't go further back and give you a date, but one other relevant bit of information, I guess, would be my generalized observation that there was dissatisfaction throughout with the first channel, and that was always there as an irritant, I guess, the relationship, that no one was satisfied with the first channel and no one trusted Ghorbanifar and wanted to do something better.

Q Was there dissatisfaction that Ghorbanifar had not succeeded in producing all the hostages?

A I don't know whether I could answer that exactly directly yes. I would say there was dissatisfaction that all the hostages were not released in general, and there was dissatisfaction with Ghorbanifar in general. But I'm not sure that I would tie the two directly as you question it. It would seem logical that he was certainly in part to blame for how this thing had dragged on and miscommunication from both sides.

So circumstantially I would agree with you, but I'm not sure that I could recall -- I can't recall specific conversation that people were blaming Ghorbanifar for the fact that all the hostages weren't back, because there was always the analysis that we might never get them all, that they would always keep one card to trump us, and we might never see the last hostage, whoever that might be, from their side.

Q And you heard at some point that the Iranians were dissatisfied because of pricing.

A That was certainly one of their grievances. I think there were a variety. I wouldn't say that to be their only grievance, but they had complained about that, certainly.

Q So that if you looked upon Ghorbanifar as a broker there were complaints on both sides, both from Iranians and from Americans.

A Directed at Ghorbanifar is your implication?

Q Yes.

A I think that's fair.

Q Who decided to seek the second channel?

A I'm not sure of that. I don't know.

Q Had you ever met Ghorbanifar?

A No, sir.

Q So that all of your information about Ghorbanifar and the meetings with Ghorbanifar were secondhand at least?

A Yes.

Q Maybe thirdhand. And did you ever participate in any meetings with the second channel?

A No, I did not. It was that week that I was gone, so that our office did, but I was gone that week.

Q When you say your office did, do you mean Oliver North?

A And Craig Coy.

Q Did you, after the first meeting with the second channel, have any meetings with the second channel?

A Me personally?

Q Yes.

A I never met anyone in either the first channel or the second channel or any of the intermediaries, to my knowledge.

Q Did you ever read any transcripts of the discussions with the second channel?

(Witness conferring with counsel.)

A I think the answer to your question is yes. [redacted]

[redacted]

And also I think some transcripts.

Q Of the tape recordings of the meetings with the second channel?

A I think so, but I'm not positive. I know that I've seen transcripts and there were tape recordings of various meetings, but I am confusing them now and am not sure exactly which ones that I had seen portions of.

Q Did you become aware that some payoffs would have to be made to Iranians in connection with opening the second channel?

A Payoffs?

Q Yes.

A What do you mean by "payoffs"?

Q Well, they call it in the Middle East bakshish. It's called elsewhere just plain money.

A Yes, I understand bakshish. No, I don't think explicitly that I knew there was discussion of that, but I certainly knew in general that that was a way of operation in the Middle East. That would not surprise me at all. My recollection is that there was concern with the operational security over switching channels and the

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residual that the old channel was an operational security risk, and that that was of concern to people.

And I believe it was resolved by the Iranians themselves in the second channel saying that they understood that and would take care of that, whether that meant bakshish or what, that the Iranian side was going to resolve the op sec problem of the first channel.

Q Had you been told that Ghorbanifar was claiming that money was due him and that he was in debt as a result of his activities in connection with the first initiative?

A I think so. That strikes me as a general complaint throughout this entire process, even before the establishment of the second channel, that Ghorbanifar continually complained about he was in debt to creditors and nobody was treating him fairly and woe is me. [redacted]

Q Did you discuss that with North?

A I don't recall specifically talking about that.

Q Did you discuss that with Secord?

A No, sir. I'm pretty sure I did not.

Q With Cave or anyone else at the CIA?

A We're on the specific point of Ghorbanifar's debts rather than the operational security question?

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Q I'm going to come to the operational security question. I'm talking about his money problems.

A No, I don't think so. I don't think I addressed that in a conversation with anyone. It could certainly have arisen in a meeting or I heard someone say that. A CIA person could have made reference to that. But no specific conversation, no.

Q Let me understand what the operational security problem was that you saw in switching from channel one to channel two.

A The operational security problem, as I understood it, was that Ghorbanifar could feel jilted that he was cut out of an intermediary role that he felt that he was probably getting quite a bit of money from and take some action in order to jeopardize the second channel in order to reestablish his importance in the dialogue between Iran and the United States.

Q And what kind of action were you concerned about that he could take to jeopardize the second channel?

A Well, there was always the possibility of leaking information about the dialogue between Iran and the United States.

Q And leaking it to whom?

A Well, leaking to the press could be a

possibility.

Q In the United States?

A Well, wherever.

Q Well, the reason I'm asking you this is that in dealing with the second channel I take it that North felt that he was dealing with people who really now had some access to the Iranian government.

A Yes, direct access.

Q Direct access. So that there was a sense that the leaders in the Iranian government knew about the fact that the United States was engaged in this initiative, correct?

A I guess two improvements, the second channel versus the first. One would be the directness of the link without this complex and circuitous path, and secondly the assurance that this particular individual and his faction in the Iranian government was in fact engaged, it was believed before, but with a lesser order of confidence.

Q What I'm getting at is that if you look at operational security in connection with an endeavor like Desert 1 the purpose of maintaining a secrecy and security was not to tip off the Iranians. Here the whole object was to make sure that you were dealing with the Iranian government; correct?

A Well, dealing with the so-called pragmatic faction, the particular individual and his faction that we are talking about. It was never clear, to my knowledge, to us what other parts of the Iranian government were Iranian power centers, not necessarily in the government but nonetheless influential, knew or didn't know about this.

Q But you believed that you were dealing with some part of the Iranian government?

A Some part of it, yes.

Q You did not know whether that part, in order to survive, was talking to the Ayatollah?

A Correct.

Q Or to anyone else in the Iranian government, correct?

A Correct.

Q So that was the concern about operational security that it might leak in this country?

A Well, I think I just have a generalized concern about op sec and I don't think I ever really thought through who would be the leaker and who would be the recipient of that information and cause the problem, but I think it would be on the Iranian side also, that it could jeopardize this channel, that the radicals in Iran could sabotage the effort were they to be leaked certain information.

Q Now, talking about operational security, that is clearly a subject in which you had genuine concern. That's true, isn't it?

A That's true.

Q Indeed, every time we look at your notes you seem to find something that Brenda Reiger didn't pick up and you put a circle around it.

A Yes, sir, I do.

Q Did you understand whether Congress or any representatives of Congress had been told of the Iranian initiative?

A I don't think that there were any Members of Congress who knew.

Q Well, you now know that, but did you know it at the time?

A I don't know whether I knew that explicitly. My general attitude or feeling about this, that it was very closely held and only a very few people within the Executive Branch knew of it, let alone outside of that. My assumption would be that no one in Congress knew, but I don't think I was specifically -- I don't know whether I specifically was told that or not, but I wouldn't have questioned it.

It would have surprised me if anybody in the

Congress was aware.

Q Were you familiar with the Finding process or notification to Congress of Findings to Select Committees or to leadership?

A Again, that is one of those areas that I, over a period of time, acquired information and put it together. I was never formally briefed as to what the Finding process was and how it worked. I can recall not being familiar with it at the beginning of my period there and having this strange word "Finding" out there, and it being some kind of sacrosanct and important and close-held, that nobody ever saw a Finding, that you would have one copy and it would be locked away in somebody's safe.

Q Who's safe did you understand that they were generally locked away in?

A Well, I just say that in general without directing the one in question, I think -- well, I don't know whether I knew at the time or this is later now, and so I had better not.

Q Well, what was the first time that you saw the Iran Finding or any one of the Iran Findings?

A I only -- I think there's only one that I know of -- well, two, okay. But I think it was -- I'm not positive of this, but I think it was the Monday, November

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-- the day before the Attorney General's press conference. That would have been the 24th. I think that was the first date that I saw it, but I'm not positive.

Q Did you know that there was a Finding earlier than that?

A There was discussion of that in the development of the chronology and we had entries on that, so I certainly knew of it in the two-week period.

Q Well, that would have been in the November period?

A That would still be in the November period. There were some references to it even before that and I was aware -- well, the thing that I am recalling is at some night -- and I couldn't put a date on this, but it could be really early -- it was in Room ~~1[illegible]~~ 302, the suite, so it was prior to May, one night, I think it was before I was there yet, in mid-February, it might have been, a week or two before that, knowing that I was going there but being there at night, and on the way out seeing someone sitting there waiting to visit with Colonel North who I don't think I knew then but subsequently found out was Stanley Sporkin, and that he was apparently there to talk to Colonel North about something sensitive, and I think later I found out it was a Finding or the Finding.

There were some bits and pieces

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circumstantially that I got at the time that accumulated to my knowledge about parts of there being a Finding.

Q Other than the Iranian initiative, had you ever worked on an operation that was authorized by a "Finding"?

A I had had some involvement with another Finding related to counterterrorism which stemmed from Vice President's task force days.

Q During the task force period?

A Yes.

Q And that Finding was discussed in terms of its scope and so forth?

A And need for, to do certain things in the counterterrorism field that the task force was considering, yes.

Q Was there a sense that was communicated to you at the NSC that if you communicated information to the Intelligence Committees of Congress that that information would be leaked?

A I would say that that was a general concern that I had acquired from the situation of people talking and that that would have been my concern and sensitivity that I had acquired from the situation, yes, sir.

Q Well, did you hear some of your comrades express that concern to you?

A Well, it stemmed from even further back during the Vice President's task force days, that it seemed to me to be accepted by certainly the working group of the task force, and I think more generally than that. Most of the interagency members of various review groups of the task force, that that was a concern, and it led to the endorsement by the Vice President's task force of, I think it is, the Hyde Amendment that calls for the two Committees to be combined into a single committee to, amongst other things, reduce the number of people on the Hill who need to be briefed in the very sensitive covert operations or intelligence operations because of that concern of leaks.

And it was this generalized concern that things could leak. A lot of people had to be informed and so the Hyde amendment was endorsed by the Vice President's task force.

Q Colonel, is it fair to say that there was also a concern at the NSC that other agencies of government leaked in order to either block policy or advance their own policy objectives?

A No question. In fact, I was almost going to add that to the last statement, but I didn't want to ramble. The concern of leaks on the Hill was not as the only source of leaks in town, that it was indeed also a problem in the Executive branch in various places.

Q I have to be frank because we are under oath. It was a concern that when information was shared with the State Department there was a risk that it would be leaked; is that correct?

A Yes, sir.

Q And were you told by North or anyone else at the NSC that some information with respect to the Iran initiative was being withheld from State because of security concerns?

A Again it is hard for me to answer that question directly. Let me give you a piece that indirectly answers it, I believe, which is that in the discussions over time and the references in my note where the people in the box were described, my assumption or state of mind from all of that would be that the Secretary had been brought into the box in general and in most of the things in the box, but that nobody else at State Department had been.

As time went on, OSG was involved in certain parts of this initiative because every time a hostage was released then the counterterrorism structure was brought into play for various reasons concerning the hostage who was released.

Q But was the OSG told there had been a

preceding arms shipment?

A No. Well, there were parts. There were some members of the OSG who were in the box, but not everybody, and so it was very carefully discussed, only in terms of the mechanics of the hostage coming back and where he would go and medical treatment and briefings and so forth.

Q There was an effort, wasn't there, really on the hostage releases to attribute their release to other persons and other things, not to this initiative?

A Clearly.

Q Go ahead. I interrupted your answer.

A So the State Department, there was in OSG discussions of these portions of it. The State Department representative was, of course, a very key player, in fact the lead agency for coordinating the interagency effort to deal with the release of the hostage and so forth overseas, and so he was brought in on that part of it.

And I would say also that my presumption was that that person, either the current one or his predecessor, both of them, seemed to know more than that that was being discussed in those terms, that had some familiarity outside the box or the hostage release box that we were talking about.

Q Now, given your concern for security, your recognition that this was closely held, did you have some concern about the fact that one of the persons who was familiar with what was happening was a merchant, Ghorbanifar?

A Of course. Everyone recognized that he was a problem in many ways.

Q Did you have some -- withdraw that.

You were told at some point, you've testified, that some of the proceeds of the arms sale were going in support of the contras. Do you remember that?

A Yes, sir.

Q Did you -- tell me what you understood about what Ghorbanifar knew about that part of the compartment.

A I don't think I knew anything about his knowledge of that. I don't recall any discussions. I think it would have been a question mark in my mind, not knowing whether he knew or didn't know.

Q Well, you testified earlier that when you heard about it, as you think about it now, you thought that this was a worthy sting of the Ayatollah, correct? Those were your words.

A Again, I think that I thought about that at that time, but that may have been subsequently a little bit in time, and I can't be sure that that thought occurred to me exactly on the day that I first knew of it, but that was certainly my belief over time, yes.

Q A sting means, to me, that the person who is being stung doesn't realize he's being stung, correct?

A Yes, sir.

Q So how did you think that the money was being given in support of the contras without the Ayatollah knowing about it?

A Well, again I don't think that I really focused on it in that detail of following it through, that necessarily that meant that Ghorbanifar didn't know. I guess my unformed opinion -- I was about to offer that if push comes to shove I would guess that he didn't know, if I would have had to guess in that time frame, but that is speculation because I don't think I ever really thought about it.

But thinking about it now, I think it could be either way, that even if he did know that it seems to me that in order for him to preserve his lucrative part of this that he could have been convinced not to share it with certain others in the deal and that it could still have been a sting, an unwitting, unknowing for the Ayatollah what was happening, even though Ghorbanifar knew. I think it could have been either way, but this is all retrospective analysis.

Q What was his lucrative part of it? That's a word you just used.

A Well, if it is true, as I have said before, that he was getting a substantial profit, that he had quite a bit of a markup on this thing --

Q You mean Ghorbanifar?

A Yes. Did I say someone else?

Q I thought we were talking about the Ayatollah.

A No. I'm sorry. That either Ghorbanifar knowing or not knowing of the diversion to me in retrospect is still consistent with the Ayatollah not knowing -- higher risk with the one rather than the other, but either is possible.

Q Did there ever come a time when you were told that someone outside of the NSC had gotten wind of the fact that some money was going to the contras or in support of the contras and was threatening to expose it? This is before the Attorney General's press conference.

(Witness conferring with counsel.)

A There was the letter that I have previously talked about in these sessions that I saw at one point on Colonel North's desk that was either a memo from Charlie Allen to the DCI that a copy had been sent down for --

Q I'm going to show you that, if we have it marked.

A Or it was from Charlie Allen to Colonel North. It was in some way identifying the problem with the Canadian financiers and I think the name Furmark is in there. I don't recall that it specifically talked about diversion to the contras. I think it was just an op sec problem. My recollection is it was an op sec problem.

Q Well, if it's the memo that you're thinking of, it's a memo to Admiral Poindexter and it does reflect that. There are several memos, and let's see if you will be able to identify which one.

A My recollection of it, unrefreshed by looking at it, if you have the one that I saw, my recollection is that it is talking about an operational security problem in the channel because the financiers haven't been paid and they were threatening to expose it in order to get their money back.

Q Did you discuss that with Colonel North?

A Yes, sir, I did.

Q Tell us about that.

A The Director of Central Intelligence had asked for, I believe it was, Charlie Allen to go meet with Furmark in New York, I think, but I think there was more than one meeting, and so I have a little bit of confusion. I think one was alone or one was with possibly George Cave. There is some confusion in my mind as to the number of meetings and the participants.

But in general Charlie Allen, perhaps amongst others, was going to meet with Furmark for the Director of Central Intelligence and he met basically just to receive information from him and pass it on to the Director so that this problem could be at least known, the facts of it could be known and dealt with in some way.

I had a conversation with Colonel North in his office at one point very quickly about that and whether what was -- and I think I have seen this memo you are talking about -- I had knowledge about the op sec concern with the Canadian financiers going public. And I was concerned with this from an operational security point and I couldn't see may way out of the box, anyway, out of the dilemma and just posed that to him to see what ideas he had.

And there was also the concern at this meeting, there was something about the meeting that didn't strike me as contributing to a solution to the problem, that the right people weren't going or they were only going to be hearing instead of trying to solve the problem, but my recollection is that Colonel North clearly had thought about this and I don't recall the specifics but it seemed to me he had a resolution to the problem.

Q What was his resolution?

A Well, it was to be pretty tough with Furmark, I guess, or whoever the meeting was with, and to show them how the only way they could possibly hope to get their money back was to keep the channel discrete, covert, secret, that exposure of it would be the worse thing and they wouldn't stand a chance of getting their money back from Ghorbanifar or whatever if it was exposed.

Q And he told you he presented that to Director Casey?

A No, sir, he didn't. It was merely he was telling me of his idea of how to solve this problem. I solicited from him an idea how can this be dealt with, because I couldn't conceive of any way out of this dilemma and he at least articulated for me a way that he or an appropriate person, someone who could play that role effectively with Furmark, could stand a reasonable chance of success of keeping op sec inviolate.

Q Let's pause now and talk a little bit about Casey. Did you ever have any meetings alone with Director Casey?

A No, sir, I did not.

Q You had met with him, I guess, from time to time over the course of your work on the counterterrorism task force in groups?

A No, sir. I've never met with Director Casey. The only time I've ever seen him in person was at a cocktail function in the Old Executive Office Building and didn't talk to him. I just saw him in the same room.

Q Did you know that Oliver North had direct access to Director Casey?

A Yes, I did.

Q And how did you know that?

A He, Colonel North, would call Director Casey when he needed or Director Casey would call Oliver North direct, usually on the secure phone, although it may also have been on an open line, depending upon which of the two didn't have access at that time to a secure line.

Q And based upon your observation, during this period that you were working at the NSC, how often did North speak to Casey?

A I would say that it would be unusual for a full week to go by without some sort of phone call or meeting or some contact at least once in that week to have occurred between the two of them. That would strike me as unusual if there were a week that they didn't have at least one contact.

Q I understand that Oliver North is a respectful person and he tends to call people sir. What did he call Casey?

A Well, he used sir with Casey, but he also used Bill, I believe. Let me think about that. I know he would use that in talking about him. I wonder if he ever said that. You know, I'm not sure about that. He may not have said Bill on the phone. It may have always been Director and sir. I can recall that he used Mr. Director and sir, but whether he also used Bill at points in the conversation, I can't recall right now. But he certainly used it. If I were talking to him about the Director, he would say Bill said so and so. But he may not have used that directly to him.

Q And when he would talk to you about Admiral Poindexter, what would he call him?

A Usually it was the Admiral, but he would use his first name on occasion, John.

Q And when he would talk to you about McFarlane, would he use Bud?

A He would use generally Bud. I don't think it was --

Q And about the President, Mr. President or the President or R-square?

A There would also be references to Ron. I mean, just in informal talk.

Q The reason I'm asking you is whether or not is not to embarrass North or to imply an intimacy that may not be there, but just to try to find out from your observations as to whether the relationship with Casey seemed to be a close one.

A My judgment would have been yes, that they were close, but in going through the exercise we just did I'm not sure that I could say that his use of the first name or title was any different from anybody else.

Q I think we established that and did he visit him?

A Yes, he would meet with the Director at CIA headquarters, in the Director's office at Old EOB, I believe also in his home, but I'm less sure of that.

Q Now what subjects did you hear him talking about with the Director that are within our compartments?

A You're not asking about the time that Colonel North told me that he told the Director, because I've already told you that, and that wasn't a conversation that I overheard. You're asking about conversations that I heard --

Q Well, what did he talk about? What were the subject matters that you heard him talk to the Director about? Did you ever hear him talk about the contras?

A Right now I'm drawing a blank on it. I can't

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in my vision remember a conversation and hear what he was talking about, but certainly anything would have been, from my general feeling, would be that nothing was out of bounds, whether it was counterterrorism, Central America. I mean, all of those things fit into what I picture them talking about.

Q Do any conversations stand out in your mind?

A No, sir. In fact, I'm having trouble getting any, let alone standouts.

Q When you came to work in North's unit, did it surprise you the extent of his access to the Director?

A Yes, sir.

Q Now --

A But that would not be just with the Director. That would be with many high officials.

Q Now I'm going to talk about the other high officials. To whom did North report within the NSC?

A Admiral Poindexter.

Q Directly?

A Yes, sir. That is what I felt and whenever he was gone I would follow in that chain. When something occurred that I didn't have North to tell it to, I would tell it to the Admiral.

Q Did you know that he had a special password on the computer that allowed him to communicate directly

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with the Admiral?

A He had a message that was -- it wasn't a special word.

Q Well, it was a blank check.

A Well, that was the way it was titled, but the word is of no significance. It could have been called horsefeathers.

Q But whatever the word was -- it could have been called horsefeathers; it happened to be called Blank Check -- but he had an ability, because he was given a word referring to an earlier message from Admiral Poindexter to him to be able to communicate directly?

A Mine was Task.

Q You could communicate directly with Admiral Poindexter?

A Yes, sir, so could Craig Coy.

Q Well, there weren't very many people who could do that?

A Anyone could do it, sir.

Q Anyone in the NSC?

A Anyone could.

Q And what was the purpose of a system that said you couldn't communicate directly if everyone was given a password?

A I didn't say everyone was given a password. I said that anyone could communicate with the Admiral if they wanted to direct and bypass the system that had been established.

Q Were you given a word so that you could communicate directly with him?

A No, sir. I took a word.

Q But if I were to show you a message from Admiral Poindexter to North in August of 1985 where he gave him this word and said this you can use to communicate directly, nothing like that happened with you, right?

A No, sir.

Q You just simply knew how to work the system and so you took a wood?

A Exactly.

Q And what about Coy?

A Similarly.

Q And did you communicate with Admiral Poindexter directly when North was out of town?

A Yes, sir, I did.

Q But when North was around you didn't take advantage of that prerogative?

A No, sir.

Q And what about Coy?

A I don't believe he did either.

Q And so Poindexter reported directly to -- I mean, North reported directly to Poindexter. There may be some who would say the opposite. Who else did he have this special access to?

A We're talking about North now?

Q Yes.

A Pat Buchanan jumps to mind as one that he could call up when he was working on a speech or something that was relevant in his area and that he would talk direct or go see him in his office, or on one occasion I remember that Mr. Buchanan had something to talk about and he came over and visited Colonel North in his office.

I guess we're going back to my comment of being surprised at access to high officials, and part of that is my surprise, I guess, when I first learned of it, that very senior officials in the Administration would know who Colonel North was and deal with him, that in this category, not special access but at least that they had had conversations and that the Cabinet official knew who he was and some things he was working on, which was itself surprising to me.

But I would put the Secretary of State, the Secretary of Defense, the Attorney General, most of the senior Administration officials in that category who dealt with national security in some way, but I am not sure that I would go to the extent that we're talking about of special access, calling up and getting right through.

Q Did you ever hear him call the Attorney General?

A Yes, sir.

Q And what were the occasions for that?

A One was on Saturday, the 22nd of November, when he called him to set up a meeting later in the weekend. I think that's all that I can recall.

Q What about delaying the investigation of Southern Air?

(Witness conferring with counsel.)

A Again, there were quite a few events here. There's FBI, Customs and FAA at minimum that in various periods of time -- and I'm not sure that I could differentiate all of them -- when --

Q Well, take me through them all.

A The one that I was involved in directly was a request that came from McAllister, Dutton, that said the FAA is here and they want to look at something or they want to -- that Dutton's people wanted to fly the aircraft out to some other air field and take it away from SAT, where it just happened to be by coincidence getting an engine changed or some kind of maintenance, and that there was the request that something to be done be done so that they could fly out.

I was not sure what to do with this when I received it. It seemed that it could be inappropriate, that it could be delaying appropriate investigation, although -- and I discussed this with Craig Coy when Colonel North was absent, which is why we were both involved, that I expressed to Craig in trying to decide how to deal with it, whether to forward it to the Admiral or not or just not do anything on it, since it could be argued to be inappropriate, that I felt that if the investigation -- well, the investigation, whatever FAA was doing, had been initiated for political reasons rather than safety of flight or anything appropriate to the FAA's charter, that it could be similarly turned off or stopped because it had been started for the wrong reasons.

I didn't know what had generated this involvement by an FAA official, wherever SAT is. I can't remember at the moment. In Florida maybe. That there was the possibility anyway, and maybe even the inference from the phone call that the press had turned on Customs and FAA or there was a local, there was some local involvement that was perhaps politically generated and not as a result of an inquiry initiated in Washington that was part of a formal investigation that was proper.

And having at least conceived of that possibility of appropriate involvement by the National Security Advisor, Craig agreed when I suggested that I didn't -- I was not in this box and didn't know everything about it, that at least he, who knew everything, would be able to be the best judge of whether he should be involved and do something as requested by Dutton or not.

Q The box, meaning the contra box?

A The box being everything about Democracy, Incorporated, yes, sir.

And so I went over and met with Admiral Poindexter and just laid out what the request was and left it to him to decide.

Q And was the request that the investigation be called off?

A No. It wasn't that, and again "investigation" might not be the right word. It was the fact that there was an FAA official there who was asking for certain documentation and I recall that Dutton said that one of the documents that Cooper had had -- and he was the pilot of the C-123 that was shot down, so that that piece, that document, had gone down with the airplane and so it wasn't available, so it was a matter of getting permission for the plane to take off from there without this document as opposed to an investigation.

Q What about other official investigations? Were you ever -- did you or, to your knowledge, did Colonel North ever have contact with other regulatory authorities or the Attorney General to address other investigations?

A This is where my knowledge gets less clear because this one I was directly involved in. The others I was not. But there were, it seemed to me, quite a few phone calls and involvement on others, other investigations or similar things -- Customs, and perhaps also FBI -- but I recall some Customs phone calls and I think either Colonel North took them directly or Craig took those. I think Rosenblatt is a name that I recall. I think he is in the Customs hierarchy.

Q What about the investigation?

A I'm sorry. One thing I do recall was -- and again I think there are some references in my notes on that -- that there was a call from, I think, Rosenblatt in Customs, but I'm not positive, but I think it was Customs, explaining that there was a name of a person and that this guy was about to be picked up for some kind of bad thing, and that they were just checking with Colonel

North's office since they were aware that Colonel North was involved in certain sensitive national security projects and they didn't want to inadvertently trip up one of those if this person that they had gotten involved with or found out some things about and were about to arrest or whatever, they didn't want to do that if it was going to ruin a greater equity of national security and so they were just vetting that with us before they took action.

And so I passed it on and eventually word came back that we don't know who this guy is. Fine, arrest him, whatever you want to do.

Q Were you familiar with investigations that the United States Attorney's office was conducting in Costa Rica involving Costa Rican figures like Hull?

A Yes, but just kind of peripherally.

Q What do you know about it?

A You said FBI investigation?

Q I said investigation. I might have said FBI, but any investigation.

A Well, again this is kind of in a grab bag of just general knowledge. It sounds familiar. There was a Honey and whatever the other person's name is law suit and things associated with that. I think that involved Costa Rica and maybe also Hull. There were bunches of things out there and I just wasn't concerned with that. And so I can't recall any specifics.

Q When North spoke to the Attorney General about setting up an appointment on the 22nd, was that before or after lunch?

A That was after lunch.

Q I would like to mark as Exhibit 3 a memorandum dated October 17, 1986 from Mr. Allen to the DCI.

(The document referred to was marked Earl Exhibit Number 3 for identification.)

As Exhibit 4 an undated memorandum from the DCI to Admiral Poindexter entitled "Roy Furmark's Comments on the Hostage Situation", with a note on top that Allen's testimony dates this as October 24, '86.

(The document referred to was marked Earl Exhibit Number 4 for identification.)

I would ask you to look at these two memoranda and see if you have seen either or both of them. And before you do that, I sort of overheard you say to your counsel that you will come back to some things, so that if there is something you have to do to augment testimony why don't you do it now while it's fresh in your mind?

A Counsel reminds me that at some point we were talking about the Finding and my seeing it, and my getting copies of the two Findings of whatever the two dates are -- January 6 and 17 -- occurring on that Monday, the 24th of November, was that we didn't have copies of those available in our office even during the development of the chronology and that I had to go over to Admiral Poindexte's office to get those, and I got copies from his counsel, Paul Thompson.

Q See if you can make something out of these.

A Could I take a break first?

Q Sure.

(A brief recess was taken.)

BY MR. LIMAN: (Resuming)

Q Do you recognize either of those, Colonel Earl?

A I think this has injected even more confusion in my own mind. I'm not sure which of these two I saw, if either one, or I could possibly have seen both. I doubt that I saw both, but that's possible. But there's a reference here to a 14 October memo and maybe that was the one that I saw, as for yet another possibility.

Some of the argumentation in the very last paragraph of the 17 October memo, which is Exhibit Number 3, sounds familiar to me, but whether it is because I read this memo and heard it or heard it from Charlie

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Allen in telephone conversations or in meetings I'm not sure. The fact that that line of argumentation is familiar to me doesn't necessarily mean that I saw it.

I was aware of Charlie Allen's concern with op sec, and I agreed with that concern.

Q Where did you see the memorandum?

A I saw it on Colonel North's desk.

Q And he showed it to you?

A No. I think I just saw it on his desk at one point. I don't think he was even there at the time that I had gone in for some other thing and was looking for it. Colonel North had a lot of stuff on his desk and stumbled onto the memo and so I had a very hasty reading of it, a glance at it, and I'm afraid I can't at this point tell you which one it was.

Q Before I turn to some other events of that period --

A Before we leave that, though, the sting that we were talking about before was what you were talking about on page one of Exhibit 4, and I don't read that as talking about the Ayatollah sting that you and I were talking about. I see that as an unrelated sting by financiers.

Q The word "sting" that I was talking about came out of your prior testimony.

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A But I thought you had said in one of these there was a reference to the diversion.

Q There is in one of these memoranda reference to the fact. In the memorandum to Poindexter there is a reference here that Ghorbanifar told Roy and Khashoggi -- Roy being Furmark -- that he believed that the bulk of the original $15 million price tag, which was the price that was paid for the HAWK parts, was earmarked for Central America.

In this regard, Ghorbanifar told Roy that he was relieved when the $100 million aid to the contras was passed by Congress.

A Well, again if this is the one that I saw, I don't think those two sentences jumped out at me, as they didn't when I just hastily read it now. But I must tell you that I'm not focusing on not observing material under the circumstances, as I could if I were sitting quietly in my office and reading the memo.

Q Let me show you, before I move on to the next subject, some notes of yours that apparently were made in May of 1986 and I don't recall that you were asked about this particular thing before. You testified, and your notes show it, that you did some arithmetic where you multiplied some CIA prices by 3.7. I will show you a note that seems to be relating to phase II radar units that were contemplating being sold to Iran where you multiplied by two.

Tell me if you can figure out what this is about.

A That's times two radars.

Q Times two radars?

A I think so. That's my best guess right now.

MR. BELNICK: That's page 69 of your notes, for the record.

BY MR. LIMAN: (Resuming)

Q Could you give him his November notes? I'm going to give you your November notes, but I would like you to use them only if you need them to refresh your recollection -- November of 1986. I would like you to tell us, as best you can recall, what happened in November of 1986 after the first news stories appeared in Beirut and in the United States about the Iranian arms sales, what you and North and others did to your observation.

Give us an overview of it and we can fill in the details.

A When the story first broke in the Middle East it seemed to me it was picked up very quickly by the western press. I was just trying to think whether there was much delay in between.

Q There wasn't much of a delay, a couple of days.

A Whether the CIA had advance knowledge that there was a leak there and whether it would be picked up. I don't know. But the references to this sort of thing had occurred in the past. I recall some talk about it in a Jack Anderson column that had mentioned Iran and some sort of relationship between the United States and Iran, talking about this compartment on the edges in some way, and that that had eventually gone away.

And that the posture that was adopted by the Administration, by those in the box that were familiar with it, was to treat this similarly, that no comment where possible, what I call a very carefully crafted, artful truth, where possible or necessary or, if there is no other way, outright denial -- in other words, cover story to protect the box and not to divulge what was in the box. That was the posture. And this is what I have in my own putting together of the phases of this month, November, called Phase I of the operation.

And that seemed to be generally recognized by all concerned, and it was the initial posture. As the story picked up momentum, it seemed that there was some realization that this was a little more than previous leaks and it might not go away as easily and that it

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might lead to a different posture, so that there was a modification, if you will, to Phase I, which was on a contingency basis to develop the facts, the chronology of what happened on the entire relationship.

So that that factual document, which would pull together the bits and pieces of this from all the players and all the people who were knowledgeable, and that no one person knew everything because it transcended time, national security advisors, Colonel North's involvement was later and so forth, so that there was a document that people who needed to know the story would know it.

And then if the decision was taken at that point to brief Congress and notify the people that that source document could be used to develop testimony, that it was, to my belief, never any intention to share everything in that factual document with the American people or Congress, that certain things, that sources and methods and so forth would have to be protected, but that the logical beginning point was to at least get all the facts together so that those who were doing the briefing knew the complete history of it.

Colonel North at one point told me that we, our office, would have to be involved with the development of this -- I think we were using the term

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"chronology" at that point; I'm not positive. Or maybe "narrative" was another word that was bandied about -- and asked me to do it.

And my recollection is a little confused, because Colonel North was in and out of the country several times at this point, so he would be there for a few hours one day and then gone again. Eventually there was an initial delay. I didn't turn to it right away because it seemed to be a lesser order of importance to other things we were doing with getting Jacobson back and so forth. And it was only a contingency thing that we knew we weren't going to be doing tomorrow, that we might never be using it, but it was a prudent thing to do, plus my own, I guess, reluctance to try and piece this whole thing together because I didn't know everything.

[redacted]

But Colonel North knew much more

[redacted] as well as longer involvement in the thing, and so I kind of felt it was better if Colonel North did that, because he knew more.

But because he was going away there was no other choice, and so I had to turn to it and did. I used my own notes and knowledge as one source. I used the CIA and various people out there as another source to try and get information. And then the last resort, one I turned to initially, was other source documentation in the office beyond my own notes or duplicates in my file, flipping through Colonel North's files.

I remember sitting down at his desk and going through his credenza and pulling out files and just paging through and looking for dates primarily, and that I was fixed on chronologies was the way I was interpreting the tasking, that there would be a date on one side and then a brief description of what had transpired for the entire operation. And so in scanning and speed-reading documents I was looking at dates that jumped out, such as the date of the Finding or things like that.

This eventually came to about two pages. Then Colonel North turned to and finally wound up to be about a three-page document, with Colonel North's additions and improvements. But I think we had a bit of a disconnect in his understanding of the tasking as it came from Admiral Poindexter and as I understood it, either from Colonel North or because I didn't want to embark on something more ambitious, which was what I think he called the narrative turned out to be a 17-page document which, rather than being a cryptic date and a brief phrase that related the event, was a much more detailed narrative of what had transpired, going into much more detail of why and so forth.

And Colonel North himself undertook that, using mine as a cross-check and help, assistance, but also his notes and a variety of source documentation. That was a gargantuan task to put the 17-page narrative together and I just recall repeated drafts. It was an ongoing thing every day for two weeks.

Q Who was involved in that?

A Well, Craig Coy and I would help out as we could, but knowing only parts of it we were certainly not able to contribute directly very often ourselves, and it was more along the lines of a proofreader of the thing or a sanity check of somebody who wasn't aware reading it to see if it made sense and raising the question or helping with it, but not really as a knowledgeable participant, but as a third party help.

But this ten, 12, 14-day period, whatever it was, when we were developing the chronology and the narrative, there would be people coming and going to help out with parts of this and would come into the office and sit down at the conference table in Colonel North's office and read through whichever version we had at that point and mark it up with corrections and changes, additions, and those people who from time to time would participate would include George Cave, General Secord, Howard Teicher, Bud McFarlane. I'm not sure if Charlie Allen did or not.

Q How often do you remember Cave participating?

A I would say a few times. More than once would be my recollection. My recollection, for example, of Bud McFarlane was only once or twice, very limited. Cave I would put more often than that or more time frame.

Q General Secord?

A Would be even more than George Cave. Teicher would be down around Cave, kind of a lower level participation maybe. Well, no. It was more than Bud.

Q Do you remember any issues that arose in connection with this chronology?

A There was some discussion of the 1985 period and that this was a problem, that as people put it together I don't think people knew it was a problem until they had pieced it together and realized that it was a problem.

Q A problem in what sense?

A That it was before the Finding, that there was a Finding in January and everything that followed from that would seem to flow.

Q That was authorized. Let me just be very blunt with you. Did there come a point in doign this work where people became concerned that the activities before the Finding could be criticized because there wasn't a Finding?

A I think that is probably accurate. I would phrase it that --

Q Well, you phrase it the way you saw it. You were there; I wasn't.

A I would phrase it that there was some sort of problem with the 1985 period, that it was not explainable in the same way to the Congress as the 1986 period was, and that there was uncertaintly as to what actually had happened then and who did what to whom. And there was considerable confusion about that, as well as concern on how to present all of that to the Congress.

MR. LIMAN: Can we go off the record for a moment?

(A discussion was held off the record.)

BY MR. LIMAN: (Resuming)

Q Back on the record. Mr. Earl, I've put before you your notes for the November 1986 period on the chronology. If those help refresh your recollection, why don't you give us, in a narrative form, your recollection of the evolution of the chronology as you either participated in it or witnessed it?

A I have already given you in general what I recall to set the scene and what I suggest is that starting at whatever I can find to be the earliest reference to some kind of direction on it, just read through it, and if there is any recollection that precipitates put that in the record.

Q Fine.

A I'm just trying to find where it starts.

(Pause.)

Okay. Here's a reference sometime after the third. Okay. It's on the fourth of November.

Q This is 1986.

A A reference to my note from an ODSM meeting, Office Directors Staff Meeting, the morning meeting with Admiral Poindexter or his deputy with the key members of the NSC staff, that there was a pro-Syrian press article alleging that Bud McFarlane had been to Iran and I think that is probably the first reference, so that the fact of the leak was now raised.

MR. BELNICK: That's page five of the November notes.

THE WITNESS: Yes.

(Pause.)

All right. There's a reference on page nine and I don't know the date, sometime after the fourth.

MR. BELNICK: It is still November '86.

THE WITNESS: Yes. And I think this is coming from Dave Long.

MR. BELNICK: Who is Dave Long?

THE WITNESS: He's in the State Department. He works in counterterrorism, but I'm not sure by the redaction by the juxtaposition. It is someone relaying a press story or an allegation that this whole thing was a boilerroom operation in the NSC by North and it was not shared by the rest of the government and that the State Department had refused to comment on that story, "refused to reaffirm" is what I wrote in my notes.

And then I have a reference to a reporter, that there is growing pressure on the United States to be more forthcoming in its defense regarding the whole release of Jacobson issue. And then here I have a reference to JMP statement, and what that means is I believe it is about a sentence that was released to reporters by Admiral Poindexter in Air Force One that said that so long as the Iranian government continued to sponsor or support acts of terrorism against Americans we would not be involved with weapons, we would not sell them weapons or give them weapons or something like that.

BY MR. LIMAN: (Resuming)

Q When did he say that?

A Well, this date, it is still on the fourth. I think it was on the fourth of November.

Q Did that create any problem because at that very period you were at the NSC dealing with the second channel?

A No. It was a very carefully crafted statement, as I read it, and in fact my notes say that it positions the U.S. to ship spare parts if the hostages are released, and actually even stronger was the interpretation by the people within the box that from the time, from the inception of this program that it had been one of the ground rules, a sine qua non, of the relationship that Iran should discontinue support to terrorism against Americans, and that to our knowledge, and CIA concurred in this, that they had done it for a year or a year and a half or some fairly significant period of time to date, and that, knowing that, that Poindexter's statement would be acknowledging that it was possible even then to be shipping arms to Iran or through that period.

And so it depends upon what you believe about Iranian terrorism, but most people would probably have interpreted that Iranian terrorism had not stopped, not knowing the intelligence, and therefore it was in effect a denial of arms relationship with Iran. But in reality it was the opposite.

Then on the fifth of November there's a note on page 13 that refers to other countries besides the U.S. that have an arms relationship with Iran, and my list includes [redacted] and I believe that Craig Coy at that time received tasking to develop a memo about this subject -- who else was selling arms to Iran -- and did some research with State Department and CIA and developed a couple, three-page memo on that subject. And that was also some of the input that we used in developing the narrative and the chronology.

Then, on page 14, I believe still on the fifth, there is a reference to the script chronology, explanation of what that means, what we did and when, that it should stress the objectives of the Iran operation, one of those objectives being a proper relationship with the Gulf countries. Another objective would be ending the Iran-Iraq war, and a third objective being to get the hostages back, and a circle indicator of putting end of war, to put it up higher, as perhaps a higher priority than the first one of proper relationship with Gulf countries. That is just a prioritization issue on those three objectives.

Then further guidance on the script chronology would be to leave out superfluous details and emphasizing instead how we can use this opportunity to, and it is incomplete, but it refers to use it diplomatically, strategically, for the United States' benefit.

Q Now is the script chronology what you have referred to as the larger chronology?

A Okay. I think this is still a period of confusion in my mind. I mentioned earlier that Colonel North's interpretation of what was required and mine were a little different, either that I was misunderstanding him or whatever, and that we had two different art forms being conceptualized here, and I think if this is still the fifth of May we're still in the period of confusion.

Q The fifth of November.

A The fifth of November, I'm sorry. This is guidance that -- I'm not sure who it's coming from. It's probably coming from North, from Poindexter.

Q Who do you recall giving you instructions on what the chronology should include and not include?

A I think I almost always got those directly from North, but they may have been relayed from Admiral Poindexter.

Q Do you recall at any time getting instructions directly from Admiral Poindexter on what you should include and not include?

A No, sir. I don't think so. I think when Colonel North was out of the country I was turning to and doing this thing in his absence, but I never had occasion to seek further guidance. I just worked until he came back, showed it to him, and then he, Colonel North, was the one who dealt with Admiral Poindexter on the chronology, I think in all cases.

Q Now as I have listened to those instructions that you read the object was to do a sales job on this initiative, to present the reasons for it and not get immersed in detail. Fair?

A Certainly not get immersed in detail, and emphasize the strategic objectives.

Q You're running from a sales job.

A Sure I am.

Q And here you were under attack. The Administration was under attack for having done business with Iran. Correct?

A Yes.

Q And you were there being asked to prepare a document to demonstrate the merits of that initiative.

A Yes. Thank you.

Q Now continue.

A I've said this before, but I will say it again since you may not have been here then, but clearly there are a number of ways to describe a certain event, and if you had two formulations of an event the one which emphasized the pluses, the advantages, that would accrue to the United States for doing this would clearly be preferable over the one that emphasized more the risks or the problems or the disadvantages, both being accurate descriptions but just in the way of articulating them,. although it wasn't said specifically, but that was my working hypothesis of how to go at this.

Q We lawyers call it a brief.

(Laughter.)

A Then the next reference is on page 15, on the sixth of November. Again Colonel North must have been out of the country because I went to the ODSM, the office directors staff meeting, and my notes from that staff meeting suggest that whoever was chairing the meeting -- whether it was Admiral Poindexter or Al Keel, and I don't know which one; it could have been either -- but that the guidance given to the press folks was basically no comment on this whole issue of Jacobson and the Iran operation, but that with caution that giving some information about [redacted] on background could be done, not directly attributable.

Q [redacted]

A [redacted] And so it was really a dicey issue of how to deal with it.

Q So you are still in --

A And I would emphasize that I think we are still concerned with that, and I know that this transcript is top secret. I don't know how you deal with that in an open session.

Q It was not my plan, let me just assure you, that in a hearing that is dealing with issues of process and, I hope, constitutional issues to go into [redacted] We are not the National Inquirer.

A Continuing then with the notes from the ODSM, very few people in the U.S. Government know the details of this. This was coming from either Admiral Poindexter or Al Keel to the assembled office directors who were being informed of this also, as well as to the press, public affairs, people in the NSC and the White House staff. Be careful with the information that you get as being an exhortation to the press would be one of the things that the PAO people felt, to tell them to be careful.

Q Don't accept at face value?

A Yes. And then a reference to we won't be trapped into something -- it fades off -- but the basic line was that because a press reporter gets a piece from the Middle East and a piece from --

Q We're not going to end up giving a statement?

A Right. We won't let you trap us into going further than this. This is the line that we intend to hold.

Q You were still in Phase I, [redacted] but at this point you were still in Phase I, which was to try to protect the security of the operation by saying nothing; isn't that right?

A As little as possible, yes, sir.

Q And he was saying let's not get trapped by having to affirm or to deny stories in the press?

A Yes, sir.

Q Go on.

A Could we go off the record for a minute?

MR. LIMAN: Sure.

(A discussion was held off the record.)

MR. LIMAN: Back on the record.

THE WITNESS: We're still on the sixth. On page 17 there's a note that tells me to get chronology input from [redacted]

BY MR. LIMAN: (Resuming)

Q He is a loquacious man, right?

A Not exactly, but I think that must be coming from a suggestion from Colonel North that I expressed to him. I had difficulty in piecing this thing together, and so he is saying talk to [redacted]

Q What were you going to do, beat him with hoses?

(Laughter.)

A Continuing at the top of page 17, there is a reference to something on CNN that occurred, I guess, in an interview with a CSIS colleague of Bud McFarlane, that in some way something was said that tended to undermine Bud's position in this whole thing.

Q What was Bud's position -- that he wasn't in Tehran, that he was some [redacted] who was carrying an

Israeli-baked cake?

(Laughter.)

A Well, as I recall, there was a similar very carefully-crafted response similar to Admiral Poindexter's response that we just talked about on the plane, that he was asked if he had been in Tehran in August or September or something like that, and he replied, no, I was not in Tehran in August or September, or something like that, which was absolutely true. He had been there in May, but he didn't say he had been there in May.

I think this is relevant. This is still on page 17. There is the reference to "Craig heard from Rich". That would be Craig Coy heard from Rich Armitage that some Pentagon folks might quit over this, and I'm not sure of the date here again, sometime after the sixth. That strikes me as being a little early, but I guess not. Maybe it was indeed this early -- concerning bureaucratic pressures on people that weren't in the box that were learning of it and whether for NIH -- not invented here -- not having been consulted and taking umbrage at that, or whether it was bona fide concern with the principle of dealing with Iran, that there was some concern.

Q Did they tell you who they were?

A No. But the note says that this had been passed to Nir by Craig, and I made a note of that.

Q Wait a minute. This is Craig Coy telling you that some people in the Pentagon may quit, and he tells Nir in Israel?

A The fact that Craig had been given that information from Rich, not who he got it from, but just the fact that there was bureaucratic discontent among some of the agencies in Washington over the Iran initiative was passed to Nir by Craig, and I made note of that because if I had been talking to Nir in that conversation I would not have passed that to Nir because I think I was more sensitive, in fact I raised it with Craig afterwards, that I wanted to make sure that he was aware, as I was acutely conscious, that Nir was a member of a foreign intelligence service.

MR. BELNICK: Did Nir tell you how things were going at the Mossad?

(Laughter.)

THE WITNESS: Well, sometimes he did.

BY MR. LIMAN: (Resuming)

Q Nir was a professional colleague?

A Yes, and Craig, to his credit, countered with a plausible argument on the other side, which was that Nir was intimately involved in this whole affair and

Craig made the judgment that he, Nir, needed to know what was going on on this whole thing in order for them not to be blindsided and to help us in this thing as well.

And so I think that is one of those difficult issues where two well-intended people can come up with opposite judgments.

Q It's a judgmental issue.

A Yes. Then there is a note again on 17, and this I think is coming from Charlie Allen, that confirmation that telephone calls and telexes are in fact going in and out of Tehran, that this is a periodic problem that the telephones and telexes would be cut off, power shortage and so forth, so that we were having difficulty getting in touch with the second channel or doing other things.

But also a reference to the fact that he thought that the leak had occurred at the State Department, or part of the leak, and I'm not sure whether it was the original leak, but some leak somewhere.

(A discussion was held off the record.)

MR. LIMAN: Why don't we take a short break?

(A brief recess was taken.)

MR. LIMAN: On the record.

BY MR. LIMAN: (Resuming)

Q Continue, please.

A We are on page 18, and sometime after the sixth, is about the best I can nail it down in time at this point, but there are some references to ongoing press articles and that was a factor at the time because it raised issues that we would have to be focusing on in developing the chronology. This is an article that the L.A. Times alleged that Reagan personally approved the operation, that Shultz and Weinberger were only brought in recently. Colonel North had been traveling in disguise.

Q That is what the press was saying?

A This was all alleged by the L.A. Times, yes.

Q Now what, if anything, did you know at that point as to whether the President approved the initiative at the outset? This is in 1985.

A I don't think the issue ever arose until we came to that point in the chronology, when some stuff had been written about '85 and on analysis people realized that it was confusing and questions and so forth, and I'm not sure exactly when that occurred. I think it is later than this, that we are not very far along in the chronology yet, and so I think it is some time after this, so that I had no knowledge at this time of that issue.

But my assumption, my general assumption, would be that everything that was done in our office, that we did, was authorized and people up the chain approved it.

Q Did you ever meet the President?

A Once, and I think I've already given that. It was a meeting of the President with Father Jenko and his family.

Q Did Oliver North tell you that he ever met the President alone?

A Yes, sir.

Q When did he tell you he had met the President alone?

A I recall a reference to the Grenada military operation and he had come over to the West Wing to update the President on some development.

Q That was befgore you joined the NSC?

A Yes, but you asked me if he ever told me, and I'm giving you a conversation that we had about Grenada at one point. And the story that he gave was briefing the President on the thing and being worried about something, and the President was not worried about it, and they both sat down and watched on television as the students, the first plane of students, came back into the United States and saw the one student come down and kneel down and kiss the ground in the United States that he was back, and that was the episode, and my recollection is it was just the two of them, from Colonel North's relaying it to me.

Q Colonel North told you that as an indication of how moved the President was?

A I forget the context in which it arose. Well, no, I do. It was we were over -- I forget who was in town, but I was showing somebody the West Wing and I couldn't do that alone because I didn't have a White House pass and Colonel North was taking my guest through to show them, and we were standing outside the Oval Office and it triggered this memory of having gone in to brief the President in the Oval Office.

Then they went to the room on the side where I think he said there's a television, and the two of them went in there and watched it. That is how it arose.

Q Did he ever tell you of any other occasions where he met the President alone?

A Not that I can recall right now. He may have, but I can't recall any.

Q Did North ever tell you about meeting the President with Poindexter or McFarlane?

A Yes, sir, in general I would say yes, that there were several or numerous occasions in which I would somehow get some feedback that he had been at a meeting with others and the President and get some feedback of that meeting.

Q Did he ever tell you that he had briefed the President on Iran with others present?

A Not that he had briefed. That strikes to me of formal presentation of the thing and no, but meetings to discuss the hostage situation and the Iran thing, yes, on more than one occasion. That sort of thing seemed to me to occur at many points because there was an up and down cycle. Sometimes the thing would be on and other times it would be dormant.

Q So he participated in meetings with the President on the Iran issue?

A Yes, sir.

Q What about on contra policy or support?

A Well, I can recall the three A's coming into the office and meeting with Colonel North and then all of them going over to a meeting in the West Wing, and I think it was with the President, and I think that was one of the ones that there were photos of all of those people at that meeting.

Q Did you ever ask Oliver North point blank whether the President knew about what we call the diversion?

A No, sir.

Q And is the only reference that Oliver North knew, that Oliver North made with respect to that concerning the President the one that occurred on the staircase or the stairwell?

A I think so. I think that is the only reference to it. It's the only one that I can recall right now, and I don't think there was anything else. I don't want to foreclose absolutely the possibility that there was some cryptic reference, but I can't recall anything.

Q Well, I want you to think about that.

(A discussion was held off the record.)

BY MR. LIMAN: (Resuming)

Q When you were told about what we call the diversion, did you ask Ollie who authorized it?

A No, sir.

Q In your own mind did you consider that it was Casey?

A The question just doesn't -- it's not focusing.

Q When you say it's not focusing, you didn't think about it?

A No.

Q You assumed that this was an authorized operation?

A Yes, sir.

Q In your experience with Oliver North you know he has been described as flamboyant, a can-do guy, and so on. You've heard those descriptions of him?

A Yes, sir.

Q And he was indeed a can-do person?

A No question -- mission oriented is the Marine Corps phraseology. He would accomplish the mission.

Q Were there occasions that he did something that was outside of authorization that you observed?

A There were, it seems to me, occasions in which he was put in a position where he was not briefed, that he would have to extemporize, as for example the senior negotiator on scene with the Iranians and would have to do something that was not discussed at the time, but that my sense is that he would always come back and back-brief and say I had to do such and such and that he would not be reluctant to do something that he saw as necessary in order to carry out the operation as he saw it, and just because he was uninstructed on a specific point didn't mean to him that it was unauthorized for him to do what he felt was necessary, but that it was inconceivable to me that he would do that on his own because he didn't think that somebody would approve it and that he was trying to hide it from the chain of command.

He would dutifully inform the chain of command when he had to exceed his brief, if you will.

Q Did Ollie ever tell you who thought of the idea of the diversion?

A No, sir, I don't think he ever did. I don't think that ever arose.

Q Did he ever tell you whether there were any other diversions other than from the Iranian arms sale?

A No, sir. I don't think so, although it raises what is possibly relevant, something we already talked about here, about conceptualizing, at least in theory, a way of doing that with an operation with Ross Perot that we talked about.

Q Yes, that you have given us.

A I think that is about the only other one that arose even potentially.

MR. LEON: How about contra money to pay for DEA agents' expenses?

THE WITNESS: No. I think the first time I knew of that was at the testimony in these hearings. I didn't know anything about that.

BY MR. LIMAN: (Resuming)

Q Did you ever know that Oliver had any money in his safe?

A No, sir. I didn't know that either, and I'm not sure that he ever did while I was aboard the NSC. I think all of the dates were in 1985.

Q Did you ever talk to Ollie as to what he planned to do when his term at the NSC was up?

A We talked kind of generally about his career in the Marine Corps and so forth.

Q Did he want out?

A Did he want out of the NSC?

Q The Marine Corps.

A No, sir, I don't think he did. I think he wanted to go back and do that which we O-3 -- that is, infantry -- Lieutenant Colonels aspire to do, which is to command an infantry battalion, and he was not being afforded that opportunity. I don't know whether we want to go any further into that. I can, if we want to.

MR. LIMAN: Off the record.

(A discussion was held off the record.)

MR. LIMAN: Let's go back on the record.

BY MR. LIMAN: (Resuming)

Q Did Colonel North ever indicate that he would like to do what General Secord was doing, which was conducting some special operations as a private businessman?

A No, sir, I don't think so.

Q Did he ever talk to you about going into private business?

A I don't think so, no.

Q Did he ever tell you he had been offered any opportunities to go into private business?

A Yes, sir, he did.

Q Who did he tell you offered him those opportunities?

A I don't think he ever gave a name.

Q Did he ever mention Hakim?

A No, I don't think so. I don't think he mentioned who had made an offer, but there was a reference at one point to a very lucrative offer, that he could make a big salary with a job offer. I think we had had that discussion at one point and certainly that was something in his decision matrix and looking at the 20-year mark and NSC and continuing in the Marine Corps and so forth.

Q Did you ever speak to a man by the name of Zucker? He ran an equivalent of a bank in Switzerland for the Lake people.

A I don't think so. It's possible that I got a call from somebody that I didn't know.

Q The name doesn't ring a bell?

A No, sir.

Q How about Hakim?

A Hakim I know. I mean, if he was on the other end of the phone I knew who it was. I did have conversations with Hakim, but I never met him.

Q But you didn't meet Hakim?

A I've never met Hakim.

Q And how often do you think Hakim called?

A I would say not very often at the beginning. It was in the later stages. The second channel to me seemed to be associated with when the frequency of his calls or my conversations, at least, with him on the phone, that he would be in one of these I called them CPs, command posts that were established to deal with the second channel.

Q Was he always calling about money, money matters?

A Well, in thinking back on it now I'm not sure. Well, I guess. I was about to say but I don't think he ever initiated the calls, but that is probably not true either. My recollection is that we would be talking, whoever initiated the call. We would be talking to the CP and he would be one of the people in the CP who would be on the phone and get North for us, if they wanted North, or get Secord, if Colonel North was calling for Secord. Hakim happened to be in the room.

It was a little more incidental than that, although some substantive involvement in the progress of the negotiations, but money, I don't think so, no. I think my involvement on the money and the bank account and confirming the number and defining the status was always from CIA to either North or Secord.

It's possible that in trying to get to Secord that I could conceivably have given the number for confirmation to Hakim. That wouldn't strike me as being something that I would proscribe. I would trust him to be in the box, that I could do that, but I don't think it happened. I think I gave it to either Secord or to North.

Q Colonel, were you privy at all to any of the discussions as to what should happen to the assets of Project Democracy in Central America?

A Well, we talked about this last time, and I recall that there were discussions about this, the transition and what would be done -- the transition when the CIA would begin operations with the $100 million and what would be done with this existing capability and infrastructure. And I think that both selling of certain assets as well as giving of certain assets were discussed. But I can't go -- I don't recall. I can't go into any more detail as to which.

Q Your notes don't seem to have any entries reflecting that. At least I haven't found any.

A Well, I don't know.

Q Well, we can go through that and maybe find something.

A I don't think so either. I'm not recalling any, but there might be.

Q Why don't you continue on with the chronology?

A All right. [redacted]

(Pause.)

A note in here on page 19 about Nir and some problem with passports, and ideas as to what to do. I'm not sure that's relevant, but I think it is. It triggers the more general memory that Nir and the Israelis were actively involved in dealing with this, the leak, and how to treat it, and that they were proponents of Phase I, no comment, deny, not to jeopardize the relationship with

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Iran by exposing details of it further, and very strong proponents of that.

Q Why don't you go on with the next?

A Page 19 has a specific reference to that -- that is, assessment -- and it's sometime after the sixth, that the press, I guess, has exhausted the issue as far as specific revelations are concerned at this point.

Q That just shows how wrong the Israelis can be, right?

A They make mistakes, like we do. That his bet is that there wouldn't be any further major revelations and to continue "no comment" the way we were doing and that the Prime Minister recommended that Poindexter and the President flatly deny the operation and that any other way of dealing with it was worse than doing this.

MR. LEON: He was suggesting they lie?

THE WITNESS: Flatly deny is what I have as his words. I think that's a quote.

MR. LEON: Was that recommendation made to the President, do you know?

THE WITNESS: I don't know that.

BY MR. LIMAN: (Resuming)

Q Well, you passed it on?

A I would have passed this. If Colonel North was present, I would have passed it to him. If not, I

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would have passed it to Admiral Poindexter. I don't know which one I did. And that Rabin concurred. So that there was unanimity within the Israeli government, if not within the U.S. Government.

Off the record for a minute.

(A discussion was held off the record.)

MR. LIMAN: Back on the record.

BY MR. LIMAN: (Resuming)

Q Let's go --

A There is a reference on page 21 to the briefcase devices and these were the secure voice means of talking to the second channel that ultimately we did get and used.

Q Continue.

A The commercial secure voice.

All right. On page 22 there is a note from [redacted] who is one of the CIA, who was a CIA logistics contact, and I had been asking him for input to the chronology, and so he is calling me back and giving me some specifics.

Q What were the specifics?

A Well, from the sketchy records that they had and the guidance that CIA operated on for this program was minimal records, paper, but that in '84 Michael Ledeen -- well, I'm not intepreting exactly, but either through or for the NSC, in some way connected to the NSC, had suggested some Israeli contacts, that Ledeen had met with both Peres and Kimche and that Ledeen was introduced to Ghorbanifar and that in September '85, that the NSC had made an intelligence collection request.

Q He was giving you material to include in your chronology?

A Correct. Then there's a reference on page 23 -- and again I'm not adding dates. This could still be the sixth or something thereafter. There is a reference to the possibility of Michael Ledeen appearing on Face the Nation on this issue and that he wanted to go on and defend the policy, and that other possibilities were Senators Hatch and Leahy being on that particular program, on, say, Face the Nation.

Then on page 24 there's a reference that gives guidance for the development of the paper, the narrative that we were working on, and one point was that Admiral Poindexter wanted the Furmark paper, a copy of it, so that he could have that as input to his --

Q Now the Furmark paper was the one that we referred to before?

A Well, possibly one of these two exhibits -- 3 or 4 -- although, like I say, there's also a possibility of 14 October memo that I haven't seen.

Q We can also give you a November 7, '86 paper, and let's mark this as the next exhibit.

(The document referred to was marked Earl Exhibit Number 5 for identification.)

Does this one ring a bell?

(Pause.)

A I'm not sure yet.

(Pause.)

Q Does it ring a bell?

A All I can say is bits and pieces ring bells, and I'm familiar with the line of argumentation.

Q But you don't know whether this is the memorandum?

A No. I just have this collection of memos that any one of them could be it, but I don't know which because there seem to be bits and pieces in each of them that I recall, but others that I don't.

Q Is the memorandum that you saw one which in fact referred to the claim that money was diverted to the contras?

A It is possible that that was in there, but I don't recall that it was in that memo. My recollection of the memo that I read at the time, my recollection is that the more general financial problem and threat of exposure, not the specific point of anything related to contras.

MR. LIMAN: Why don't we take a break now for lunch and then come back?

(Whereupon, at 12:10 p.m., the taking of the instant deposition recessed, to reconvene at 2:10 p.m. the same day.)

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AFTERNOON SESSION

(2:10 p.m.)

Whereupon,

ROBERT L. EARL

the witness herein, having been previously duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. LIMAN:

Q Do you want to continue with the events of November?

A We're looking at the notes relevant to the development of the chronolgy and I'm on page 24, and there is a reference to the paper, and I'm reading that as to the chronology, and some work on it, and one of the notes to myself is that Admiral Poindexter needs a copy of the Furmark paper, whichever version -- there being about three or four of that and I don't know which one.

Q Do you remember the conversation that led to that?

A No, sir, and I'm not sure who this is coming from. It's probably coming from Colonel North.

Q Do you remember whether you discussed it directly with Admiral Poindexter?

A I know I did not do that.

Q Furmark?

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A No, I know I did not do that. And I think the rest of that pertains more to the operation than to the paper, although the second point says the paper should be a full script. But the rest of it, I can't really relate that to it.

Q Now when the paper should be a full script, that would mean that the chronology should be comprehensive?

A That is the way I would interpret that, that this is a note that suggests to me now, after the fact, that it was leaning more toward Colonel North's interpretation of the marching orders and what he was doing rather than mine.

Q By that meaning it should not be a skeleton type but should lay it all out?

A Yes, should be a narrative.

Q At any point did you have a discussion of whether the chronology or narrative should lay out how the money was channeled for the support of the contras?

A Did we have a discussion about that?

Q Yes.

A No, sir, I don't think we did.

Q Well, what instructions, if any, did you have as to whether you should include that fact in your chronology?

A I don't think there were any specific instructions on that.

Q And you made a decision then that in your version you would not include any reference to the contra support in your chronology?

A No. I don't think it even got to the point of taking a decision one way or the other, and the way I approached it, which was searching for dates that I could attach specific decisions or events or things to, nothing came out from that associated with a date.

Q But when you said the dates, you were getting the dates from documents?

A The dates from documents and people and my notes.

Q But did you ask any people as to when it was that the money was given for the support of the contras?

A No, I did not.

Q So it really comes down to the same thing, that you made a decision, either consciously or subconsciously, that you were not going to seek that information to include in the chronology.

A Well, subconsciously. I just have trouble saying it was a decision.

Q But you made the decisions to talk to people in order to get dates of events that you weren't familiar with, correct?

A I asked for information, for input, and would received back information. I can't recall specifically going back and saying explain this to me in detail and going to them with a date or an event, asking. I could well have done that, but I was much more likely to be asking for information from them.

Q You were trying to tell the story in an abbreviate form of what happened with the initiative, the Iran initiative; is that correct?

A Yes, sir.

(Counsel conferring with the witness.)

Q Well, then why, in telling the story of what happened to the Iran initiative, did you not include a reference to the use of the funds for supporting the contras, or did you include it?

A No. Again, that question, it is kind of foreign to me. I never really considered it. It just didn't come up in the course of my development of that two pages that I did. It wasn't one of those that leaped out to me as a singular event to have a date attached to it and put it in the chronology.

Q But, Colonel, it was a singular event in that when you heard it you realized it was extremely secret and confidential, correct?

A When I heard it, yes, that it was very sensitive, yes.

Q And you knew that it was the type of fact that if it came out could have some repercussions?

A Hostage-wise, yes.

Q And you also recognized that it had some benefits, the Iran initiative, in that it generated some funds for the support of the contras. It was one of the pluses, I think you testified that way.

A I would agree with that, yes.

Q And indeed at one point you said that you had a sort of hazy recollection but it really didn't rise to what I would consider a memory level that this might have been listed in effect in the ledger on the good side of this Iran initiative.

A I have a very confused and hazy memory of something in a version of that at some point, I think later, but I'm not sure whether this is something that I heard after the fact that I transposed in my memory to this time frame. I don't know, but certainly in this beginning period where I was working on the abbreviated chronology myself what we were just talking about, the pluses, I wasn't in the mode of trying to stress all of the benefits that were strategic benefits to the United States of this relationship.

In my mind, that is later in the exercise as we get into the narrative and what Colonel North was doing. Mine was just an initial very rough, not even intended to be comprehensive first cut at a draft that somebody else who knew more about it could play with.

Q Then, continue.

A Again on page 26, someone is giving me some indications of a press article that either had come out or was about to come out that related to this issue and that was relevant to the development of our chronology. Do you want me to go into those details or not?

(Pause.)

Q This was an article that described somebody as the Gordon Liddy of the Reagan White House?

A Yes.

Q And who was it whom they described as the Gordon Liddy of the White House? Is that Ollie?

A The reference was supposedly, as alleged -- and I don't know whether it ever came out -- it was alleged that that was going to be an article comparing Colonel North to being the Gordon Liddy of the White House in this Administration.

On page 27 -- 10 November we are up to now -- there's a reference to a phone call that I received from Rich Armitage which gave his analysis of the bureaucratic situation as it was developing with lots of people who were not in the compartment at State and DOD and other places, who were now in the compartment and they weren't happy.

Q And who did he say was --

A Well, he characterized the State Department as being shameless in this episode, whereas --

Q Shameless in that it was running from it?

A It was being disloyal, that it was leaking information, that it was just not supporting the President in coming to grips with this problem, whereas DOD1 showed, he characterized them as coming across more as stupid but loyal, and that the sharks were out for Admiral Poindexter and the entire NSC structure, not just at Colonel North, but it was payback time for getting at the NSC as an organization from the various bureaucracies.

Q Was Armitage somebody who you normally talked to?

A Yes. I talked to Armitage.

Q And was he passing this information on to you for you to relay it to someone else?

A It would be for Colonel North, and I guess also for Poindexter.

Q Was it just information or did he want you to do something about it?

A No. I think it was just heads-up, if you will. This is the way he assesses some of the bureaucratic turf wars that were ongoing that we, the NSC, ought to be aware of, and that this is a problem out there, and he was just relating that he had been out to San Francisco and gave a speech and took a beating from the press or questioners on this issue of Iran in questions.

And then, beginning on page 29 -- again still on 10 November -- there are several pages and I was looking at these over lunch on a CPPG that was held on Iran, which you may or may not want to know about.

Q Were you there?

A Yes, I was. In fact, four pages.

(Pause.)

Q In essence this was an assessment of what the chances were of opening a door to Iran?

A Yes. It was an attempt to bring in all the people in the bureaucracy who had been outside the compartment heretofore into the compartment, or at least those portions of the compartment that could be shared with them, in order to on a coherent and united fashion make the Administration's case.

I think it was outlined at the meeting by Al

Keel that there were two compartments being created as of this moment. One was the policy compartment, which dealt with the strategic relationship with Iran, and the pros and cons of that and where it might go and so forth, and then the operational compartment, which related to ongoing details of our relationship with the second channel and the hostages. Perhaps future releases would be involved with that, and that would be a much smaller compartment and not everybody would be in that.

And Al Keel was notifying them of the existence of these two compartments, but at this meeting we were only talking about the first one.

Q And, just so that we have this down, if I read this correctly, toward the end of your notes you describe our objectives and interests as denying Iran to the Soviets, preventing an Iranian victory in the Iranian war, and stopping Iranian terrorism.

A Those were at least three of the objectives of this operation.

Q And then you describe what the Iranian agenda was as people there saw it. One was to get rid of the President of Iraq and the other was to get arms.

A Yes.

Q You talked about the constraints of law on the actions that we could take. Is that what that refers to?

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A There was the beginning of a discussion of some of the things that needed to be considered in continuing or refining the Iranian initiative.

Q And one of them involved arms transfers as being one of the matters where you had to look at what the legal constraints were?

A That had to be considered and fully evaluated, yes.

Q And then you dealt with dealing with the [redacted]

A I would feel and have no problem with saying that in a classified transcript, but I would have problems with saying that in an open hearing

Q I don't see why we have to bring any of this out in your testimony. It is just that since we can't keep your notes and this is the only way that we have of having a record that is available to the Committee that I have to do this. I would must prefer if I had the notes.

What does this say? "Dust off" --

A "Dust off the unsigned NSDD of 18 months ago", a reference to the National Security Decision Directive that Howard Teicher and others had worked on that had gotten to a certain point and then just went away, and

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that this should be revisited.

Q And then it says Arnie. Who's Arnie?

A Arnie Raphel.

Q Made pitch for opening up second compartment to others. What was the second compartment?

A The one that I just described, the operational compartment that was going to be a much closer hold concerning operational details, and the State Department wanted into that box, if you will, but the NSC was pretty firm, was pretty firm that that not be done, that it was a political compartment that would have a wider membership but not the operational details.

Q The operational details were the people who were dealing with the Iranians?

A Yes, sir. And it was very strictly compartmented within the NSC as well. For example, there were members of the NSC staff that were in that first compartment but not the second.

Q In the NSC, as I understand it, people that were in the second compartment were Poindexter, North, you, Coy -- was Coy in it?

A Craig Coy was in it, the operational compartment, yes, sir. And Teicher.

Q He was in partially because he went to Iran?

A Yes, but this is a formalization of that, at this point in time, when these two new compartments were being created that didn't heretofore exist, with much wider representation -- State Department, for example, fully into the first compartment when they had not been before.

(Pause.)

All right. Then on page 33 -- and I still think we're on --

Q Before you even get to that page, Colonel, did anyone explain to you why if the objectives of this whole initiative would open the door to Iran the State Department, whose mission it is to deal with diplomacy, wasn't taking the lead as opposed to the NSC?

A Well, I don't really quite know how to deal with that question because it never really arose as an issue to me. I felt I understood why the State Department was compartmented out for the most part, except for the Secretary.

Q Why did you understand it was being compartmented out?

A Because it was an extremely sensitive, close-hold project, a ruthless application of the need to know principle, and that this thing could be and was being done without their participation.

Q But, Colonel, you understand that there are some things that the State Department does that involve really top secrecy, don't you?

A Yes, sir.

Q Are you smiling because they leak?

A My feeling --

Q There's no one here from the State Department.

(Laughter.)

A Yes. My working hypothesis, my assumption, was that there were many leaks at the State Department and that that was always a concern to other components of the national security bureaucracy -- NSC, Defense Department, CIA.

Q I don't intend to get into this with you.

A Excuse me just a minute.

(Counsel conferring with the witness.)

Q I don't intend to get into this with you in the public sessions, and I would be surprised if anyone else did, but here you are. You are a person who has given a lot of thought to government and you have committed your career to government, and are highly educated. You understand how the system is supposed to work and you understand that the State Department is really the department that is supposed to be in charge of foreign policy in the United States under the President. The Secretary of State is confirmed as the chief foreign policy officer under the President. That is fair to say, isn't it?

A Yes, sir.

Q And the National Security Advisor is not a confirmed officer, correct?

A That is true.

Q And yet it has to surprise somebody like me, who is not in government, that you have an attitude that the State Department cannot be trusted with handling a major diplomatic initiative and that instead it ought to be entrusted to the National Security Advisor and to the head of one of his unit.

And I don't understand that, particularly since they are employing creeps like Ghorbanifar.

A Well, I can give you instances, if you want.

Q I would just like you to explain it while the Senator is here.

A From the task force days, that caused me to have that presumption. I mean, I shared that. I didn't disagree with any suspicions of others in the bureaucracy, the CIA and DOD, that I mentioned. I believed that it was a well-founded concern.

Q But what are the implications of it? Is the implication of it really that we end up with a government in which foreign policy would be conducted by an agency headed by someone not confirmed by Congress as opposed to the State Department? I mean, should I draw that conclusion?

A I am reticent to get into the conclusions area. I prefer to let others draw the conclusions of that. I think the President is going to get the job done that he wants done with whatever mechanism is appropriate and if there is a likelihood on a sensitive project of leakage, that that channel will be not used, if it can be done in a more secure means.

Q But security isn't the only value in government, is it?

A No, sir. But it is an important equity.

MR. LIMAN: Senator, do you want to ask any questions on this before we continue on?

SENATOR RUDMAN: No. I want to recommend for this particular part of the examination, Colonel Earl, because when this is all done and we write a report, although you may not be quoted precisely, it is exactly that kind of question which is really more important than who did what to whom and when, and essentially, if I understand your testimony correctly, it is your view as an active participant in the NSC with high qualifications and extraordinary education that the normal government bureaucracy, in this case the State Department, was to high a risk to implement a sensitive foreign policy initiative.

That is your belief, am I correct?

THE WITNESS: Yes, sir.

SENATOR RUDMAN: Okay, that's worth knowing.

BY MR. LIMAN: (Resuming)

Q Let's go on.

A And, similarly, if I could just gratuitously add one more concern, another branch of the government, if we are to this point, what we were talking about over lunch, that in my judgment of how some of this all occurred and some of the lack of trust, if you will, for a sensitive operation, also relates to the Congress and Committees and the plethora of committees or numbers of people that need to be involved, and led, when I was on the Vice President's task force, to endorsement of the Hyde amendment, I think it is called, that leads to a merger of the House and the Senate Select Committees on Intelligence to reduce the numbers of people involved to try and create more of a sense of trust, so that the Administration would be less inclined to sidestep an organization and to do this honest consultation and trust and dialogue and a sharing role and make it more likely to do that.

And when there are so many people involved and it only takes one person not to adhere to the agreement and leak something, that you can sabotage a sensitive initiative like this just because one person doesn't agree with it and therefore takes it upon himself to see that certain information gets out.

SENATOR RUDMAN: I thank you for your answer. I think that is exactly right. That is exactly how a lot of people feel, and I would only observe for the purpose of the historical record in this particular case, as bad as some of the leaks have been from the State Department and the Congress I dare say that the Senate and House Intelligence Committees are more reliable than Mr. Ghorbanifar.

THE WITNESS: Sir, I would not contest that in the least.

SENATOR RUDMAN: I just wanted to add that gratuitously for the record.

(Laughter.)

THE WITNESS: I guess the only relevant point on that that I would add would be that Ghorbanifar, as totally despicable and distrustworthy as he might have been, was at the time absolutely essentially and a need to know principle was established in that case, that that was the only mechanism the Administration had found to get to the Iranian leadership and deal with them.

SENATOR RUDMAN: My response to that, Mr. Earl, is we have put the President of the United States into the position of being blackmailed politically by a despicable foreign person, and I don't think that wise. Well, why don't you go on?

BY MR. LIMAN: (Resuming)

Q Why don't you continue?

A All right. Page 33 -- and I think we're still on 10 November -- there is a section that I think is again dealing to a press query of is the National Security Council out of control. Are they, the NSC, riding roughshod over the State Department, the Defense Department, and other Cabinet secretaries, as being the issue. And then I have, I guess, a two-paragraph answer to that.

Q Who prepared that answer?

A I may have. It may have been my attempt to construct a straw man for others to consider and possibly use, and so I think I am the author of that.

Q Was it used?

A I don't know. I don't think so.

Q Well, you describe the NSC as having the role of advising the President and that it consults other agencies, depending on the urgency of the matter, and that the ultimate power rests with the President. And you also repeat what you've just said here, that the President needs the authority to limit knowledge in highly classified and sensitive national security issues and that the need to know principle and compartmentalization applies. Right?

SENATOR RUDMAN: May I ask counsel a question on the excising?

MR. LIMAN: That was done by the White House and not by Colonel Earl. Colonel Earl adds his own excising.

(Laughter.)

SENATOR RUDMAN: What is the nature of that? What is the standard the White House uses for the deletions?

MR. BELNICK: They tell us they use a standard of irrelevant, not involved in the Iran compartment or the contras/Central American matter.

BY MR. LIMAN: (Resuming)

Q I think it's fair to say, and I could bring it up, Colonel Earl, how much of your time during that, I guess, ten-month period that you were at the NSC were you spending on Iran matters?

A That would really be hard for me to judge.

Q Half?

A I don't think that much. I think less than half. My guess was going to be a quarter.

Q And on contra, far less?

A Far less, it seems to me.

Q It would be fair to say most of your time was diverted to other --

A International terrorism.

Q International terrorism projects?

A Yes, sir.

Q And you made notes on those matters from time to time?

A Oh, yes, sir.

Q And they have tried to excise those?

MR. KIRK: If we could go off the record a second.

(A discussion was held off the record.)

MR. LIMAN: Back on the record.

EXAMINATION ON BEHALF OF THE HOUSE COMMITTEE

BY MR. LEON:

Q Let me ask one question with regard to the size of the compartments. Was there a strict limitation on the size of the compartment with regard to this Iran initiative, in your view, due in part to the hostage link, as it was part of the whole initiative, and the release of the hostages?

A Oh, yes, very much so. That was always a concern, that some of this information would become public, that the people who would pay for it would be the hostages, with their lives.

Q So it wasn't viewed as just a unique foreign policy initiative per se, but also a hostage release-related initiative which, because of that sensitivity, demanded extraordinary limitations?

A Yes, sir.

BY MR. LIMAN: (Resuming)

Q Who had the power to admit people to the compartment?

A I don't think that was ever formally discussed. My assumption would be that Admiral Poindexter would.

Q Did Colonel North?

A The way I would phrase it for Colonel North would be that he would probably go to Admiral Poindexter to ask for someone to be brought in, but if he were presented with a situation, such as he was in Geneva and somebody needed to be brought in --

Q He could use his judgment?

A He could use his judgment and do it, and then back-brief the Admiral.

MR. LIMAN: Let's go off the record.

(A discussion was held off the record.)

BY MR. LIMAN: (Resuming)

Q Go ahead.

A On page 38 -- and this appears to be 12 November -- there is a reference that at no time have we violated any proscription against making concessions to terrorists or aiding one side in the Iran-Iraq war, which seems to me to be somebody's phrasing of some input to the chronology. But I'm not sure whose right now.

And then at the bottom of that page -- and we're now on 13 November, still at page 38 -- there are three points that I am not able to relate. I think they relate to the chronology in some way, but I can't relate them in some way or any way right now.

Q One says "more details". That's number one. Two, "Israeli action. No comment. Back it up. Three: assumption that everything is going on on Goode's level." That's a strange one, that you would use the code name for Oliver North and you don't know what this refers to.

A No, sir. I am drawing a blank right now.

Q It looks like somebody was upset that they seemed to be heaping everything on to North and that whatever this was commenting on was suggesting that it was all North and no one above him. But you don't remember it?

A I don't remember, and I am struck by the strangeness of Goode, as you, that if this is an internal Washington bureaucratic discussion it wouldn't have been the term "Goode" that was used, and so it seems to be relating in some way to operational matters and dealing with the channel that the word "Goode" has been used. So it is just not tracking.

On page 39 --

Q Will you promise me you won't use the word "tracking" in your testimony, because then I will have to get an explanation of it.

(Laughter.)

And I want you on and off the stand.

A On page 39, there is a reference which I think again applies in some way as guidance to the chronology, and it repeats, I think, other references to as little operational detail as possible, and I think that occurred elsewhere. And then there's a phrase, "constructive ambiguity".

Q That's a terrific phrase.

(Laughter.)

A It sure is, and it's ambiguous to me.

(Laughter.)

Q Now who --

A Wait a minute. Let me read the rest of it. Let me just read the rest of it. It appears to be part of it, and continuing on it says: no comment or denial on operational details for at least some of the guidance, that the paper, the version, the chronology, should have its strengthen the Presidential strategic objectives and the point that the Israelis concur in the importance of this initiative.

And then there is a reference to Shamir/Peres, with an arrow that suggested that Shamir had denied arms to Iran, and I am not able to -- that doesn't trigger a memory and I am not sure what that means.

Nir -- and this one triggers a memory -- so this must be coming from Nir, perhaps, or some of it, because the next line reminds me that Nir had asked for a call from Colonel North after the President's speech so that in this time frame we knew that the President was going to go on TV -- this was 13 November; I don't recall the date of the speech.

Q It was that day.

A And so Nir was calling up and asking if Colonel North would be able to give him a call after the speech so that they could talk about it, and that he, Nir, had a 1:00 p.m. local Israeli time on Friday meeting with Shamir to discuss the whole Iran thing, and the speech as well, I guess, and that was going to be at 6:00 p.m., Eastern Standard Time.

Q Were you trying to coordinate with the Israelis the public statements that were being made?

A Well, coordinate with the Israelis the statements is perhaps a little strong. They were key players in the whole Iran initiative and, as I have already mentioned, they were recommending, with apparent unanimity from the Israeli side, the what I call Phase I of no comment as much as possible.

But the extent to which it went any further than that and started vetting statements, I don't think so, but I don't know.

Q Well, it would have been important for the Administration to know what the Israelis were going to say and the Israelis to know what the Administration was going to say, right, and isn't that what Nir was trying to find out?

A Yes. You just triggered a memory that I think at one point Nir was giving us, he was explaining what the position was going to be of the Israeli government in advance.

Q And were you giving him what our position was too?

A Well, I'm still reluctant to go that far. Possibly. I don't recall any. Maybe Colonel North was talking in more detail to Nir, but I can only talk to what I just did, that it was more of a generalized sharing and not a specific, that I don't know of any instances where we told them of what we were going to say in the way I have just recalled, that at least on one occasion they alerted us to what their position was going to be.

Q My recollection is that General Secord described the Israelis as joint venturers in the Iran initiative. Is that the way it was described to you from time to time?

A Well, I would characterize it as that the Israelis were key players, if you will, on the Iran operation and very instrumental and necessary in certain portions of it, but as far as being worked, you just said, joint venturers, I wouldn't go quite that far because I would caveat it with the observation that all of the players from the U.S. side were, it seemed to me, acutely conscious of the fact that the Israeli objectives didn't necessarily coincide with U.S. objectives in many areas and that we had a confluence of interest in certain parts of this but not necessarily in all.

So that we were always conscious of what we would share with the Israelis and what we wouldn't, and that, for example, intelligence coming in would be vetted within the U.S. community first and not necessarily shared with the Israelis, that everyone I thought was suitably cautious that we couldn't just share everything with the Israelis.

Q Now on the same page you listed amounts that were paid for different shipments that were made to Iran, and the figures there are the amounts that were paid to either the CIA or the DOD; am I correct?

A That is correct.

Q It did not list what they were sold by Lake to the Iranians for, correct?

A Correct. That triggers a memory that this amount was used in the chronology. I don't think it was used in either the Director's testimony or Admiral Poindexter's testimony, and it was given in a classified briefing to the Committees, and that the figure immediately was printed in the newspaper, that one of the recipients of that classified briefing had briefed the press and divulged that figure.

I think the reference that I heard coming from Legislative Affairs was even before the briefing was completed.

Q And you don't know where that leak came from?

A I --

Q I mean normally if it is before the briefing is completed it is pretty hard for somebody to get out of one of those rooms that they hold the Intelligence Committee meetings in.

A Can I go off the record?

MR. LIMAN: Yes.

(A discussion was held off the record.)

BY MR. LIMAN: (Resuming)

Q Let's go back on the record.

Go ahead.

A On page 40 there's a very cryptic couple of words that I think may be guidance on the chronology but I can't place them. They say "things, names of; names of third countries; dates and what", and that's not much help.

Q Did you know at this time, in November, the names of any countries that had contributed to the support of the contras?

A I don't know. My knowledge of [redacted] money on that, I'm not sure whether that's all after the fact or whether I had had some reference to that before. I don't know.

(Pause.)

Q Do you have something else?

A Not yet.

(Pause.)

A reference on page 41 to U.S. "contacts with blank, no criticism, no details" triggers a memory that at that point I believe we had the secure communications devices for talking to the second channel and that we were engaged in discussions with them, well, about the channel and the future relationship, and this was a part of that, and how press reports in the U.S. were being perceived by the Iranian side and what they were intending to do about it and what they were saying and so forth.

There was some discussion of that in the channel.

Q Colonel Earl, do you remember any discussion about the fact that it was important to try to have a successful conclusion of a deal with the second channel which would result in the release of hostages as a way of quieting down this furor?

A Well, again no, I wouldn't say it as explicitly as you've done there. But let me say --

Q Well, one of the people who did say it as explicitly as I have is Bud McFarlane in the note to Poindexter. I don't know whether you saw that, but it is an exhibit in our proceedings.

A Well, let me tell you what was in, I believe, in everybody's minds within the channel, which was that a lot has been invested in developing this relationship and particularly with the second channel, that we were finally getting through directly to some very senior elements within the Iranian government, and that because of the furor in the press associated with this that one way to establish the value of the channel, if it came to fruition and hostages were to be released, that that clearly was some of the best proof of the value of the channels.

Q And who was discussing that with you?

A Well, everybody was aware of that, it seems to me.

Q Was it discussed at the staff meeting?

A The staff meeting?

Q The one that Admiral Poindexter chairs, or his deputy.

A The ODSM?

Q Right.

A No. Again, the question in that form strikes me as foreign because that policy or operational matters on the Iran compartment would strike me as being out of bounds for the ODSM, that you had a bunch of people that weren't in the compartment and that is not something you would talk about here.

Our discussions of Iran there were strictly generated by the public affairs people, who were trying to get comment on articles, and so we would necessarily have to talk about certain parts of it.

Then on page 42, on the 14th of November, there's a reference to a listing of communist countries who together represent the principal arms suppliers to Iran, and that list includes [redacted] which as I recall was the one who sent the most in terms of dollar value and quantity of weapons [redacted] had all shipped arms to Iran.

There is a reference to the Tanenburg Syndrome in 1917. What that was was the argument that it was possible that the Soviets were goading both sides into a final death struggle or Armageddon that would lead to a vacuum in the region that the Soviets could rush into, that both sides would exhaust themselves and they would capitalize on that chaos. Yes, here it is -- goaded into a final decisive offensive of a future disaster which could trip a new revolution and that on the credit side of the ledger there was the argument that we, that those in the compartment felt that they had succeeded in delaying this final offensive that the intelligence community had been prophesying for months.

You would read in the daily intelligence reports they are ready to go, it could come at any time now, the last preparation is in place, and this would go

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on for months, but it was clear that Iran was laying groundwork for this so-called final offensive against Iraq and that one of the things that was being done in the channel was to try and dissuade the Iranians from doing this and to negotiate a settlement and not have this final offensive.

So that there was a certain amount of credit for what we had been able to accomplish on that.

Then, on page 43, there's a note coming from Nir of their -- the Israeli -- assessment of what is going on in Iran and how they are reacting to all of this, the two different groups in Iran and how they were competing and that there had apparently been a temporary ceasefire arranged, if you will, between these two groups and that there was some kind of temporary understanding or agreement between the two factions in that it was felt that this factional dispute is what precipitated the initial leak and was a power play between factions, and that finally the two sides had worked out their differences and that the bottom line is that the dialogue on all issues from the Iranian side was going to continue.

Q Let's continue.

A Nir says he doesn't know whether that's true, all of that analysis, but that is what is coming out from

Iran. And he refers to some arrests that have been initiated by a particular Iranian leader that were evidence of that. And then some recommendations from Nir on how to proceed tactically in discussions with the Iranians on this specific issue of continuing the dialogue and specifically getting back more hostages while the issue was, while they were vulnerable to some pressure on this.

(Pause.)

And the on pages 46 and 47, which is the 17th of November, there are a couple of notes that are intended as input into the chronology.

Q What are they?

A For example, there is a reference to previous meetings with Iranians in history going back to September '79, and a meeting between an American official and an Iranian government official, and then another one in October with yet a different U.S. official in the State Department.

Oh, and then at the bottom of page 47 there is just a laundry list of dates and countries, and this was my attempt to go back into the travel order files and dig out the date that Colonel North had been on travel and having meetings on the Iranian initiative and trying to make them input into the chronology.

On page 48 -- and I think we're on the same date -- there is a reference to, that both I guess it's Deputy Assistant Secretary Murphy at State Department and Rich Armitage at DOD, needed copies of Admiral Poindexter's testimony in order to prepare themselves for questions and to get in sync with the Administration on the whole Iran policy. This was a request, I think, that came from Armitage that they wanted to be able to support.

BY MR. LEON: (Resuming)

Q Who was the guy at State?

A Murphy from Near East.

BY MR. LIMAN: (Resuming)

Q Go ahead.

A Page 49 is four points that seem to be related to the Iranian initiative and perhaps the chronology. It is listed under [redacted] letter, but I'm drawing a blank on who [redacted] is, but it deals with Iranian factions, Iranian role in international terrorism, an evaluation of U.S.-Iran contacts, and then the benefits derived from the strategic relationship.

MR. KIRK: Could we take a break for a minute?

MR. LIMAN: Sure.

(A brief recess was taken.)

BY MR. LIMAN: (Resuming)

Q Why don't we go ahead?

A Okay. We're on page 50, on 20 November. There's a reference to [redacted] which the name doesn't mean anything to me right now, but under that it talks about a proprietary flight with some bad problems that Colonel North himself had asked for it, I guess -- and this may be involved with that flight that we were talking about, but I'm not positive, that there had been a McMahon-Casey argument.

Q That is correct.

A That it was okay to help this one time, but thereafter we would need a Finding. That seems to me to refer to the 1985.

Q That is the November 1985 flight. Who are you recording and what do you remember about that? Well, let me see if I can refresh you on that.

There was an effort at various times to portray this flight --

A This may be coming from [redacted]

Q [redacted] is who?

A I'm not sure who he is. He may be CIA.

Q Because there was an attempt to portray this shipment as oil-drilling equipment and in fact the CIA did ask for a Finding right after that flight. Does that ring a bell?

MR. LEON: There was a difference of opinion between Casey.

BY MR. LIMAN: (Resuming)

Q Does that ring any bell? Were you told?

A (Nods in the negative.)

Q And the witness has indicated no. Were you told that the State Department had taken issue with the proposed testimony that was going to be given by Casey because Casey did not -- because Casey indicated that the CIA had no information of that flight, that that flight contained missiles?

A No, sir.

Q You don't remember a dispute taking place at or about that time?

A No. I was aware that there was a problem, maybe a controversy, but beyond that I don't know the specifics of it.

Q Colonel, we live in a country in which the word "coverup" entered our vocabulary really at a time of Watergate and everyone since then has been concerned about participating in a coverup, correct? I mean, coverup is something that people are conscious of.

A Yes, sir.

Q And it must have been something that you were conscious of at this time at the NSC as to whether you would be accused of engaging in a coverup.

A No, sir. I don't think I even focused on it then, and one thing that I remember that is relevant, when that term first arose in the press -- I think I'm talking December now -- that I remember my reaction to it.

Q Which was we didn't?

A Exactly, that I took exception to the characterization of the press that this was a coverup, a la Watergate, that that struck me as not what we were engaged in.

Q Well, that is what I want to press you on. Was there any discussion at the time that if the chronology did not put out all of the facts, such as that November shipment and what the President's role was, that you would be following into the Watergate trap of coverup?

A Repeat the question again. Was there any discussion of that?

Q Yes.

A No, sir.

Q All right. Why don't we go on?

A And the same note, it says that Secord had hired a CIA proprietary for the flight from Tel Aviv to Europe to Tehran.

Q That's the November '85 flight.

A I don't think we need anything else on that page.

Then on page 51 there's a message from the Iranian second channel that I can go into if you want to or not -- the lower half of that page -- and eight-point message, and there's an earlier reference on the same page to an eight-point message, and these are the eight points.

Q And point five there says that if Casey talks avoid operational detail. Is that from the Iranians?

A This is the Iranian suggestion, if you will.

Q They didn't want their cover blown?

A Yes, sir.

Q Let's go on.

MR. LEON: Take a look at number three. Who is Sam?

THE WITNESS: Sam is George Cave.

BY MR. LIMAN: (Resuming)

Q It says Sam should help you, with what?

A Sam should help North because he was overwhelmed at that time. Point seven, which talks about to inform the Iranians in advance of adverse press, reminded me that they had no appreciation of how the press works in our country, unlike theirs.

(Pause.)

Then, on page 53 -- and we're on the 19th of November --

MR. LEON: Could we go off the record a second?

(A discussion was held off the record.)

MR. LIMAN: Back on the record.

THE WITNESS: This is on the 20th. This seems to be a message from Paul Thompson and I'm not remembering the event or what it means. It has point number one, excising arms export/control, and point number two, one to two-page chronology, and then a listing of a bunch of things. The first thing would be the Special National Intelligence Estimate in the fall of 1985 that had been requested by McFarlane as something that should be referred to in the chronology, and then the draft NSDD being circulated in June, the McFarlane-Kimche meeting, and the Israeli shipment.

This suggests to me that these are comments that either Paul had on a version of the chronology or that he was relaying comments from Poindexter about the chronology.

BY MR. LIMAN: (Resuming)

Q You don't remember which?

A It is in some way input to the chronology process.

Q Were you editing the chronology at this point?

A I would -- my involvement would be intermittent. On occasion I would be in there and I would try to help by proofreading and reading pages.

Q Who was actually --

A The drafter and editor of -- the editor was Colonel North.

(Pause.)

Then, on page 55 there's another four-point message from the Iranian side, which you may or may not want to go into.

Q It says "we want meeting with Bush and an Iranian official, end war." What is that about?

A The meeting would be relevant to ending the Iran-Iraq war.

Q "We anxiously await hearing the speech. Tank and [redacted]" Those were things they were to deliver -- the tank being a T-72 tank -- and [redacted] And then we need to meet as soon as possible, and a reference to a 1972 project.

A That's T-72.

Q And then you had another message. Is that from them, too?

A I think this is the Iranian reaction after the President's speech, which was when?

MR. BELNICK: The 13th. He had a press conference, though, on the 19th.

THE WITNESS: This would have been the press conference.

BY MR. LIMAN: (Resuming)

Q And the Iranians, you recorded the President's speech was well received. The talk of moderates and of Israelis was not well received. Two: we have never given any specifics about buying and selling of arms. Washington is responsible for the difficulties. We would discuss the subject of the T-72 later. And he hopes that the guys in the White House are keeping things under control. There's a man with a sense of humor.

Were there other items, too?

A Yes, and I can go through them real quickly, if you want me to. They ask for news about the Kuwaiti 17 and that they had taken several steps, but I don't know what those steps were in regard to that.

Q The Kuwaiti 17 are the current equivalent of the Chicago Seven?

A Yes, very similar, and again a reiteration of no discussion of the T-72. We will talk about that later. The reason for not holding a meeting right now is lack of progress. You must act on your promises. They are trying to shift the burden, get the ball back in our park.

And then the last one is what I had, the other one that had caused me to remember, but this is the specific reference, "You must tell the editors of the press that they should write less about Iran because the press is read in Tehran and that isn't good. It makes the road tougher." That was the verbatim quote from the Iranians.

Q Who was given that task?

(Laughter.)

(A discussion was held off the record.)

BY MR. LIMAN: (Resuming)

Q There's a reference there to ~~foreign~~ files. What is that all about?

A I don't know. It could be trying to find the September --

Q September-October intelligence. Okay.

A Okay. Page 59 -- and this is kind of where we started several hours ago -- and I think this is feedback from the briefing now, that to this point we have given the briefing to the various committees and the feedback that I am getting from I'm not sure who -- Legislative Affairs, I think -- who sat in on the briefings. But I'm not positive of that, that they were basically in total six hours of briefings, that the consensus was that the whole initiative was amateurish and stupid, and turf wars or competition was fully half of the problem.

And then the November shipment was of concern, and the circle. Why didn't we blow the whistle on the Israelis was a question that the Congress had. The proprietary flight with the oil rig parts, did you know what was in it was the question. No was the answer.

Something about [redacted] I'm not sure what that means. Maybe -- well, I'm not sure. It is in some way a reference to one of the benefits that we thought we were going to get [redacted]

Central America. Do you, Director of Central Intelligence -- no, I didn't get that. Let's see. Oh, the Secretary of Defense had never seen the Finding was raised at the briefing, that the DCI had said that we've heard that General Secord has been involved in arms deals in the area in response to a question from, I think, Senator Eagleton. He is a worldwide arms dealer with links to the Israelis or something like that.

All right. And then we went on to yet another press story that was breaking, which we can or cannot go

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into, if you want. We are now past the chronology, but now I know what I am looking for.

MR. LEON: Are you talking about the middle portion there?

THE WITNESS: Yes, the press story that was breaking.

BY MR. LIMAN: (Resuming)

Q Now we are on what day? This must be Friday, the 21st.

A The last entry is 20th. I don't know when we transition to 21st.

Q Look at the last entry. It says "AG". That stands for Attorney General?

A Yes.

Q "Review of paper trail -- systems memos, chronology, June '85 begin", with a question mark, "Charles Cooper, Assistant Attorney General." What does that refer to?

A I think this is a note that I made in having heard from -- well, I'm not sure whether it was from North or from Paul Thompson, but one of my indications that day that there was going to be a review of some of the paperwork associated with the Iran thing by somebody from the Attorney General's office because of discrepancies in the testimony, and that it had raised

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more questions than it had answered and general dissatisfaction with the way the briefings had gone.

Q Did you hear this first from North or Thompson?

A I think I heard it first from Colonel North.

Q And was that when you --

A But I'm not sure whether this note is from that or from a later hearing.

Q And was that when Colonel North returned from the West Wing of the White House?

A Yes, it was.

Q And that is the conversation that you testified to?

A Yes.

Q And are you able to place that in time? Was it the morning?

A I think the afternoon, but I'm not positive of that. If that is -- what day are we on? Friday, which is what date?

MR. BELNICK: November 21, '86.

THE WITNESS: My recollection, but I'm not sure whether it's from looking at when the briefings were, from other notes and stuff, but if the briefings were held that morning, then it seems that it had to be in the afternoon, that there had to be feedback from the briefings, that there had to be time for the principals to meet after the meeting and that Poindexter would have been one of the people at that meeting that Colonel North went to and that he was involved on and running and delivering his briefing.

So that it has to be in the afternoon, it seems to me, but I'm using logic now, and I'm not saying that I recall, that I know it was in the afternoon. I don't see how it could be otherwise than the afternoon.

BY MR. LIMAN: (Resuming)

Q Do you recall whether North told you who was at the meeting at the West Wing that he attended?

A No, sir. The only specific name that flowed from that conversation in any way was a reference to the Attorney General having talked to him, I think at the end of the briefing.

Q The Attorney General having talked to North at the end of the meeting?

A Well, Colonel North having talked to the Attorney General and having asked for the reference to the time.

Q And so North told you that his conversation was directly with the Attorney General about the inspection of the records?

A He said that I asked the Attorney General, or

I asked Ed, or whatever, yes, that he said he had talked to the Attorney General.

Q And what did he say, as you recall?

A He said -- he told me, Colonel North told me that he had asked the Attorney General if he could have, I think, 48 hours, but it may have been 24 hours -- I'm not sure which of the two -- but asked for whether he could have 48 hours before this would happen.

Q The inspection?

A Yes. And that the Attorney General had replied that he didn't know whether he could have that much time, something like that. That is not a quote.

Q That's the substance?

A That is the gist of it, yes, the substance.

MR. BELNICK: Can I ask did North tell you on that day that he had met at Michael Ledeen's home earlier that morning?

THE WITNESS: No, I don't think so.

MR. BELNICK: Did he ever tell you that, about a meeting that he had at Ledeen's house early Friday morning or any meeting with Bud McFarlane earlier that day?

THE WITNESS: No, I don't think that either. I think all of my knowledge of that has come out in testimony before your Committee.

BY MR. LIMAN: (Resuming)

Q Do you know why -- and I'm asking you to speculate -- but why, what occasioned North to tell you what the Attorney General had said to him? Or was it immediately after that that you began the shredding?

A Well, as I talked to earlier, from the whole situation in which it transpired, the first thing that happened was I was told to bring in my Iran file, which is my duplicate file.

Q Right, which is right after when he came back and told you about --

A Right, and I don't remember whether he called me in or came and told me that or I happened to be downstairs when he came blowing into the office. And so I went back up, got it, came down, delivered it to him, and the circumstances under which I handed it to him and what he was doing at the time led me to believe that there was Phase III, what I call Phase III, that there was a sanitization, end of project, and all of that conversation was in that circumstance.

Q It was in that circumstance that he told you?

A Yes.

Q And did he ask you to stay late?

A No, he did not.

Q And did he ask you to come in that morning to let the AG people in, or the next morning?

A I think I relayed to him the Paul Thompson phone call that we would have to be available, on call, and he acknowledged that. And I'm not sure if --

Q You agreed that one or the other of you would be there?

A I'm not sure how we resolved that. I probably said I intended to be home all weekend and so offered myself up as, I think, he said he would be. And I don't recall how we resolved it, but I know it was covered. We knew that it would be, somehow the office would get opened by one of us -- or by Craig Coy, even.

Q You have been asked by us before and you've obviously been asked this by the Independent Counsel any number of times, but am I correct you did not know that Fawn was altering documents for Colonel North?

A That is correct. I did not know that.

MR. BELNICK: What documents did Thompson tell you to get ready for the Attorney General?

THE WITNESS: Well, that is what I'm not sure. This reference that we were just talking about may be from Paul Thompson, that he is talking about System memos and the chronology as being two specific items. It was not really clear, but this was the beginning of some guidance on that.

MR. LEON: Would it be he is telling you that Cooper would be the person coming?

THE WITNESS: Well, it didn't turn out that way, so he could have said that and been wrong, or he may have been telling me that this is who he had received the call from. I don't know. I'm speculating what it means.

BY MR. LIMAN: (Resuming)

Q Go on.

A I've lost the bubble on what I'm looking for now. I have been looking for chronology. We're past the chronology. .

Q Let me mark as the next exhibit a document that was found at the NSC.

(The document referred to was marked Earl Exhibit Number 6 for identification.)

MR. BELNICK: The document, Earl 6, is ~~M~~N-10965 through ~~M~~N-10969.

BY MR. LIMAN: (Resuming)

Q Do you know what that is?

A No, sir. I don't think I've ever seen this before.

MR. LEON: Do you recognize the handwriting?

THE WITNESS: Counsel just asked me that. I don't know whose handwriting it is. It doesn't strike me as a southpaw's handwriting. Usually southpaws go that way. Colonel North was a southpaw, but it may be -- I don't know.

MR. BELNICK: Do you know ~~Jacques~~ Jock Sharfen?

THE WITNESS: I don't know whether I've ever seen ~~Jacques~~ Jock Sharfen's handwriting.

Let me give you one memory seeing ~~Jacques~~ Jock Sharfen's name on here triggers, and that is that a brief memo of a couple or three pages that he had prepared, ~~Jacques~~ Jock Sharfen had prepared, for Colonel North, which was a briefing, a legal briefings on -- I forget which one now -- the Neutrality Act, I think it was the Neutrality Act, and the applicability of it to certain things like the C-123 that was shot down in Nicaragua.

BY MR. LIMAN: (Resuming)

Q Just a few other things that I want to do very quickly with you. The next note in your book after we stopped at page 60 has "AG-Brad". Are these notes that you made when you were at the office?

A I'm not positive, but I think it is.

Q This is what he was asking for?

A That is just what I was about to say, but let me be sure.

(Pause.)

I think so. I think at the beginning of the meeting when Paul Thompson brought them over and Brad laid out these are the sorts of things we are looking for or asking about.

Q Now, several pages later, at page 62, you are back to doing the arithmetic on how much the government received from selling the TOWs and the HAWK parts and so on. What was that all about?

A I need to see the pages to get the main context. All right. What date are we on?

Q The same, the 23rd or so.

MR. BELNICK: The 23rd is a Sunday.

MR. LIMAN: It may be the 22nd.

THE WITNESS: As I recall, I'm getting these figures from the CIA and it is to nail down the accuracy of data that we have been putting in the chronology and releasing to the Congress, and getting more detail to make absolutely sure of the facts, because there was the controversy that I talked about of the $12 million, when the Congressmen had talked to the press and said $12 million. And then there began to be questions and so there was a reiteration to ensure that that was correct and whether all of these things could fit in one airplane, as they were alleged to have been capable of doing.

BY MR. LIMAN: (Resuming)

Q Now then you seem to have on page 64, on November 24, some notes on a meeting with Shultz and the President, Cave, Bush, Weinberger, Donald Regan, Poindexter, in which you are quoting them or paraphrasing them. Were you at that meeting?

A No, I was not.

Q So who reported to you on this?

A I think -- and let me just make sure -- this is a debrief of the meeting at which the NSPG or the NSC, whichever meeting it was, principals had met, and that is my back-brief from George Cave, who went to the first 20 minutes of the meeting, gave a briefing on the whole Iranian situation as a key participant and knowledgeable about Iran, and then answered certain questions of the principals.

Q Why was he giving you a debrief?

A That was just a general modus operandi. We did that. We back-briefed each other on what was going on. He knew we were the key points of contact on this project. He had sat in on the meeting, so he was back-briefing.

Q And was it on Monday, which is the 24th, that North showed you the diversion memo and told you that he had missed it?

A No. He didn't say that he had missed it. He showed me the memo, that is correct, which is already one of my exhibits, that memo that has a paragraph that refers to it.

Q And he told you the Attorney General had confronted him with it?

A Yes.

Q And he told you that he had asked the Attorney General whether it could be used against him since he hadn't been warned of his rights?

A Yes -- did it count.

Q "Did it count" were his words?

A Yes.

Q And then you have a note on the Arms Export Control Act and Boland at page 67, and somebody at that point raised questions about that. Do you know why you put it in your notes?

A No, sir. And that whole entry concerns Iran in some way, but I don't know specifically.

Q Then, on November 25, which is Tuesday, it says "resignation". Is that Ollie's resignation or Poindexter's that you are talking about there? It's Ollie's isn't it, because then it lists all of the calls of support that he is getting in the office after he --

A Well, the calls of support pertain to Ollie. That may refer to either -- it is referring to just the general time frame.

Q Am I correct that Ollie told you that he was going to resign and showed you the resignation that he had?

A He said he had sent a PROFs note to Poindexter. I'm not sure whether he showed me the PROFs note or not. He may have.

Q And it was at --

A But he certainly told me he had sent one by PROFs note.

Q And it was at the President's -- or at the press conference of the Attorney General at which you learned that they had dismissed him as opposed to accepting the resignation?

A That was the first knowledge that that is the way it was going to be done, yes.

Q And in that conversation that took place on the stairs, was North trying to explain to you why it was that he had been fired as opposed to resigned? Was he trying to defend himself?

A I don't know what the purpose of saying that was. I interpreted that he was candidly confiding in me something that had happened that was significant.

Q And what was significant?

A That what the President had said to him, according to Colonel North.

Q And what was significant about what the President had said to him?

A That the President had said something about that it was important that he not know or that they tell me that. It is important that I not know, or something like that.

Q And the thing that, as I understand your prior testimony here and what I've heard of what you've said to the Independent Counsel, is that what it was important that you not know -- it was important that he not know was the diversion?

A That is the way I interpreted it, that the "it" referred to was the diversion of contra funds.

Q And that the implication that was conveyed to you was that the President could not acknowledge that he knew of that; correct?

A That is the interpretation that I made.

Q Well, isn't that what North was trying to convey to you?

A You will have to ask him that. I don't know what he was trying to convey to me. I can only tell you how I interpreted the man.

Q And it made enough of an impression on you that while there are lots of things that you cannot remember without looking at your notes, that's one that is indelibly in your memory?

A Well, not indelibly in the sense that I couldn't remember the quote verbatim, but the event and the thrust of the comment are something that I recall.

Q And you did not put that in your book?

A No, sir. There was no reason to.

Q So there is no record of this; am I correct?

A Not that I'm aware of.

Q It is just your memory of it?

A That is correct.

MR. LEON: Was Craig Coy there?

THE WITNESS: My recollection is that he was.

BY MR. LIMAN: (Resuming)

Q Now was Craig Coy in a position to hear it?

A I have been asked that before, too, and I think he was.

MR. BELNICK: Was he there for the whole conversation, or do you recall him joining the conversation after it began?

THE WITNESS: I can't recall the antecedent and how this thing arose, and so I don't know that. But the memory that I have is that all three of us were right there at that point in time that we were talking about this part of the conversation.

BY MR. LIMAN: (Resuming)

Q Was Coy closer -- I'm sorry, just the opposite. Were you closer to Ollie than Coy was?

A Yes, I would have been, because I was in effect between the two of them, although it was --

Q I meant closer in terms of relationship.

A Well, we had known each other over many years and we have already in my testimony, I have related --

Q I know you have described what the relationship was, but I don't have the relative sense in terms of you and Coy. I mean, were you more a confidant of Ollie's than Coy was?

A Well, that would be my judgment. I thought I was. I don't know. You would have to ask Colonel North that.

Q Did you have the sense that he was confiding something to you that was sensitive, secret, confidential?

A Can we go off the record for a moment?

MR. LIMAN: Yes.

(A discussion was held off the record.)

BY MR. LIMAN: (Resuming)

Q There's one other note here, and it's the last one, you will be glad to know, I'm going to ask you about.

MR. LEON: Arthur, before you go into that, let me ask about the Coy thing.

BY MR. LEON: (Resuming)

Q Do you know if Craig Coy knew about the diversion?

A No, I don't know. There was at least one instance -- and maybe more -- when I recall what I think is an OSG meeting, but it could have been some other kind of meeting, but there was a comment almost --

Q An aside?

A Well, I was going to say almost flippant, but that's not the right word either -- but a comment that well, wait till the Ayatollah finds out that he is really supporting the contras. There had been at least one of those and maybe others that I don't know whether Craig Coy had ever been attending when one of those had come out and what he concluded from that.

BY MR. LIMAN: (Resuming)

Q Well, let's talk about that one.

A Haven't we talked about that one already?

MR. BELNICK: Yes.

BY MR. LIMAN: (Resuming)

Q That would be if you knew what you knew, you understood what the reference was; am I correct?

A Yes.

Q And apart from that you don't know whether Coy had been given the confidence that Ollie gave to you about the fact that the Ayatollah's money was going for the support of the contras?

A Well, I don't know whether he heard one of those hyper --

Q But you heard it separately when you were briefed into the compartment? You were told this?

A Yes.

MR. BELNICK: Bob, didn't Colonel Earl turn to you and ask you a question while you were watching the press conference? Excuse me. Didn't Coy turn to you and ask you a question while you were watching the press conference?

THE WITNESS: Yes.

MR. BELNICK: And what was the question he asked you and when did he ask you? The Attorney General announced diversion and Coy said to you --

THE WITNESS: I didn't know that; did you? So that's right. That is relevant. That suggests to me that he did know.

BY MR. LEON: (Resuming)

Q The second question I wanted to ask you about Coy is, after that remark was made that you just testified to at the head of the stairs in the suite that you believe Coy was present to hear and you believe heard, did you at any time after that discuss it with Coy, that particular remark?

A No.

BY MR. LIMAN: (Resuming)

Q Have you been told to this point that Coy does not remember that remark?

A I have not been told that, but I have inferred that.

Q Well, I'm telling you that now. Does that affect your recollection?

A No. It surprises me, and so it means that something is -- that he was not as close as I thought he was or that he didn't hear it even though I thought he should have.

Q Or didn't attach meaning to it.

A Right. There wasn't the same significance. I don't know. That surprises me, but it doesn't change my testimony one iota, no.

Q There is one note at page 70 which is "Al Keel transition; don't get morale down, DCI acting surprise to him." What does that mean?

A Al Keel had been designated as the Acting National Security Advisor.

Q What's the surprise?

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A That it was a surprise to him.

Q That he was going to be Acting?

A When it was announced, that was his first knowledge of it. The public announcement of it was his first knowledge. He had not been advised or consulted.

MR. BELNICK: I have a few documents to go through. Mark this document as the next Earl Exhibit.

(The document referred to was marked Earl Exhibit Number 7 for identification.)

BY MR. BELNICK: (Resuming)

Q It bears our Bates numbers N-8221 through 8223. Earl Exhibit 7, these are documents that the FBI found apparently on your desk, Colonel Earl. The first one is written --

A Is it Farsi?

Q My question exactly. You don't know what that Arabic-looking document is, do you? That is dated 20 November '86.

A It looks like Farsi to me, but that's my date. I mean, that looks like my handwriting.

Q You don't write Farsi, do you?

A No.

Q If you don't recognize it, we will go on. Is it shorthand?

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A I don't know what it is. This is Farsi and it's written by George Cave and it's from one of the secure voice phone calls to the second channel which occurred at my desk, where I had the briefcase set out. So he used a note on my pad and wrote it all out as he was getting it in Farsi, and then later translated it and put it into English so that we could all figure it out.

Q Turn to the next page, 25 November 86. Meese Press Conference. Did you write that page, N-8222? Is that your handwriting?

(Pause.)

A Okay. I could have answered your question about my handwriting. Yes, it is my handwriting, and I wrote this and that is points that I'm making, I guess, from the Meese press conference.

Q You were writing it while the press conference was in progress?

A I think so. I'm not positive of that, but 25 November was the date of the press conference.

Q Absolutely.

A Let me just finish it off. Okay. I think some of these are responsive to questions from the press as they occur, and the Attorney General's feeling -- yes, it is a concurrent reference of the press conference or the parts of it that I saw.

[redacted]

Q The second, there was an announcement of what became the Tower Board, right? That was the small commission to investigate the NSC?

A Yes.

Q All right. "Three: JMP knew last year of shipments to Central America." What does that mean?

A I think it is in response to a question of whether Admiral Poindexter had known of the diversion.

Q That was the Attorney General responding?

A And I think the Attorney General answered the question something along those lines, yes.

Q Now, number four, "third country shipping -- what did Pres know, when? One without U.S. knowledge, Aug-September 1985, one with U.S. knowledge, November -- weapons returned to Israel." Then there is some squiggly lines from the August-September, November '85 shipments, and it says "Pres knew of both".

A And I think that is the Attorney General's answer to a question. Somebody in the back of the room raised the famous question: What did the President know and when did he know it? And this was the Attorney General's response.

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BY MR. LIMAN: (Resuming)

Q What was his response?

A That one was without U.S. knowledge in the August-September 1985 time frame, and one was with U.S. knowledge in November. The weapons returned to Israel.

Q And then you wrote "the President knew of both". Is that your editorial comment?

A It appears to be, and I'm wondering, if it is, how I knew that.

BY MR. BELNICK: (Resuming)

Q If you look at the handwriting, it looks different or at least lighter, as if you came back and wrote it afterwards.

A But it looks to be in the same style or the same ink pen as that one, but this may have been added after the fact as well.

Q Yes, to title it.

A Yes, but I'm not sure how I got that. I don't think that I knew, reading or listening in real time to the press conference, to make that observation, and I think I got that after the fact from somebody.

Q From whom?

A I don't know. Maybe Colonel North. I don't know. But it suggests to me a late entry, an after the fact.

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Q "Number five: Pres knew" -- underlined -- "of shipment afterwards, after the fact, condoned by USG."

A Correct.

Q That came out at the conference?

A That was the Attorney General's answer, I think, to the question, yes.

Q "Number six: Boland Amendment violation."

A I guess a reporter had asked whether this violated the Boland Amendment. I don't know what the answer was.

Q "Seven: Administration sought funds from third countries".

A Again, I guess that is a question that was asked. There is a tape. I know the Independent Counsel has it. You can see if these were all the questions.

Q "OLN retiring from the Marine Corps."

A I think in response to a question about Colonel North and what his status was -- that he had been fired or released -- that the Attorney General went further than his brief and stated incorrectly that Colonel North was going to be retiring from the Marine Corps. And that was wrong, and so I questioned that.

Q The last three notes, just to save time, all come out of the press conference -- eight, nine and ten?

A Yes, I believe they do.

Q Take a look at the last page of this exhibit, N-8223, 19 November '86, Presidential News Conference. Did you make those notes?

A Yes, these are my notes from the press conference, although one thing that threw me off, that one word. Maybe it is still my handwriting. But it looks --

Q The word "credibility" under number one?

A Yes, that may be somebody else's add. I don't know.

Q But looking over these notes, are these all notes that you took of the questions or responses during the news conference?

A Yes. They were contemporaneous notes of his responses, the President's responses to questions.

Q Would you mark this as Earl Exhibit 8? It is a one-page document, Bates numbered N-1823.

(The document referred to was marked Earl Exhibit Number 8 for identification.)

Are these your notes?

A I think these are both my notes and Craig Coy's, interspersed.

Q When did you make these notes? It looks like the date 31 October is partially cut off at the top.

A Let me just refresh myself on the substance here. This was at the time that Craig Coy and I were alternating doing the 24-hour watch in the situation room.

Q Expecting the release of the hostages?

A Yes.

Q Now take a look at 1605, the entry for 1605. Is that in your handwriting?

A Yes, it is.

Q Now I don't want to read it into the record unless you tell me that it is relevant.

A I believe it is relevant. I don't understand it, but I suspect that it is.

Q It says: "Kagan called." Is that a reference to Kagan of the State Department?

A Yes, Bob Kagan.

Q And "[redacted]s frantic." Who was [redacted]

A I don't know.

Q "Needs the $25K OLN had promised him a month and a half ago." Do you have any idea what that note is?

A No.

Q Do you know anybody named [redacted] who was involved in any of the hostage release activity or the Iran initiative?

A No. My attention was drawn to Central America as the focus of this, and not Iran.

Q Excuse me. Central America.

A And I think in my notes somewhere there's a reference to [redacted] or something like that.

MR. LEON:

THE WITNESS: or something like that, possibly, and I think in looking through it one of these times in the last few months that I picked out that name. It struck me as strange and that may be it. But I don't know who [redacted] is.

BY MR. BELNICK: (Resuming)

Q Let's mark these next two PROF notes as Earl Exhibit 9.

(The document referred to was marked Earl Exhibit Number 9 for identification.)

They bear our numbers N- --

A Are you going to suitably excise these?

Q Yes. If we have to use it, they will be excised heavily, I am sure.

Exhibit 9 is two PROF notes, N-18154 and N-18180. The first one is a PROF note. You see where we have the line drawn on the left, Colonel, from you to Ollie North, October 26, '86, subject: The Law. And it appears to relate to the Hasenfus prosecution

A Okay.

Q What occasioned that PROF note?

A Well, on the 26th of October, that I was reporting to Colonel North that there was a New York Times article with this professor of law making reference to this.

Q This section of the U.S. Code that made it unlawful to export defense supplies or services to foreigners abroad and asserting that that is the law under which Wilson and Terpil were indicted; is that right?

A That's right.

Q Now why are you suggesting that a lawyer check it out on behalf of Hasenfus?

A Well, that this seemed to me -- there was this allegation of illegality in the press and it seemed to me that that needed to be researched and that ~~Jacques~~ Jock --

Q ~~Jacques~~ Jock Sharfen?

A ~~Jacques~~ Jock Sharfen, who I know from having seen at least this one memo, where he did a memo on the Neutrality Act, could research and see the relevance of particular laws and whether this was something that was going to be a problem.

Q You knew at that time that Hasenfus was working for Project Democracy?

A Yes, I did.

Q And that Colonel North -- that that was part of the project that Colonel North was involved in, right?

A Yes.

Q And therefore you associated him with North and the government -- Hasenfus, that is?

A I associated him with Project Democracy or Democracy Incorporated, which was a private organization.

Q That North was involved in and was giving guidance to?

A That North was well aware of the activities of.

Q Well, you knew North was working with Project Democracy. You had been passing message down to them on the KL-43 and receiving them on behalf of North in his absence, right?

A Right. I guess the point that I'm not certain of going to is the extent of direction, control, or that some of these were gratuitous suggestions that may or may not be accepted by Secord and whatever the leadership of Democracy Incorporated was, that they, as was true in the case of at least one cable that I sent down that was rejected by them and they did something completely opposite, that that was their decision.

(The document referred to was

marked Earl Exhibit Number 10
for identification.)

Q Earl Number 10, just marked, is a PROF note from you dated August 21, 1986 and you are writing that note to Coy; am I right? It is Bates stamped 18124.

A I can't read who it's from. Can you read it?

Q It is from you, NSRLE.

A I can't read that on mine.

Q If you will look down, you will see "note from", but where it says to NSCPC --

A That is Craig Coy.

Q Let's read it. It says: Note from Robert L. Earl, Subject: Singlaub.

A "Status? Has he called again? Has North spoken to him? Have we gotten the word to Calero to ask Singlaub for any stuff he may have?"

Q The word "et cetera" actually appears there, and then the rest of the page is blacked out.

MR. LIMAN: What date is that?

MR. BELNICK: August 21, 1986.

MR. LIMAN: Your notes of page 110 say "Oliver North to call Singlaub. What has he got? Have Calero or Bermudez call him and tell him to give it to FDN."

BY MR. BELNICK: (Resuming)

Q And the heading on the PROF note is "European

Aid to Nicaragua". So with all of that, what was this about?

A This is a reply to that note, so Craig had sent me a message that laid out European aid to Nicaragua.

BY MR. LIMAN: (Resuming)

Q Do you remember that Singlaub was on television?

A Well, it triggered a recollection, and the recollection is that General Singlaub had called and I believe spoken to Craig Coy, and that the message from Singlaub was that he had a whole bunch of material that he wanted to turn over for use, and I think it was to the CIA, to what was going to happen, since -- this was August. When was the legislation passed?

BY MR. BELNICK: (Resuming)

Q October. But it became effective. It had been passed by June and so in August everyone knew the $100 million was coming in October.

A And that he had called up to offer that or to get guidance or to see how that could be done. The resolution of it was to suggest to him -- and I don't know who finally did that; whether it was Colonel North who called him or Craig who called him, but I know that I did not -- but anyway the guidance that was to be passed to him, to Singlaub by one of those two was to get in contact with Bermudez and the FDN, and if you want to donate that stuff to them, fine.

(The document referred to was marked Earl Exhibit Number 11 for identification.)

Q I'm marking as Exhibit Earl 11 a document that bears our Bates stamp N-18119 through 18121, several PROF notes. On the first page, 18119, I am interested in the PROF note at the bottom, dated August 17, '86, note from Robert Earl. Is that to Wilma Hall? No, it's not. To NSPWH?

A Paul Handley, I believe.

Q Who is he?

A Public affairs, NSC.

Q And the subject was civilian military assistance to the contras?

A Yes.

Q What is this note all about?

A Let me just check it. All right. Paul Handley had come to me and said -- and you may have his original query to me -- saying that there was a press allegation that retired General Schmuck, Buck Schmuck --

Q That's a real name?

A That is a real name.

Q The only guy who should have used a code name in this case didn't?

(Laughter.)

A Had in some way conducted a survey in the region and was instrumental in coming up with the idea of this whole support of operations. He was the genesis of the idea of how to support the contras and I don't remember the specific allegation, but it was very distorted, about General Schmuck's role, and so I did some research and found out what General Schmuck had actually done and relayed that to Paul Handley but advised Paul that I didn't think he should use any of that even in trying to correct the record because it would wind up being distorted even further.

Q Earl Exhibit 12 is N-8138, a one-page PROF note from Colonel Earl to North, dated November 3, '86. The subject is the IG/N and it reads: "For your information, I got bounced from the 3 November meeting. Elliott told me principals only," et cetera.

(The document referred to was marked Earl Exhibit Number 12 for identification.)

A Okay. Do you want to know more about it?

Q Yes, sir. The IG/N had been created under the Executive Order to help administer the $100 million program, as I understand it, right?

A I think that's correct. I'm not positive. But the IG/N seemed to be a new, very closely held IG on Nicaragua, there being many SIGs and RIGs and so forth, but this one was a new one to deal with the $100 million and its implementation, correct. And when Colonel North was out of the country one of the meetings was being held. I didn't know whether I should attend or not for Colonel North.

I called Elliott Abrams' office to try and get guidance from him since he was the chairman before the meeting. He never returned my call before the meeting in the afternoon, and so I went down to the situation room in order to see if it was appropriate for me to sit in, and Elliott told me that it was not -- principals only.

BY MR. LIMAN: (Resuming)

Q Are you aware of whether there was a unit within the RIG that consisted only of [redacted] North and Elliott Abrams?

A I'm not aware that there was such a formal smaller substructure.

BY MR. BELNICK: (Resuming)

Q Colonel, I have another question about Earl Exhibit 12. After saying that you got bounced out of the meeting, you express your belief that [redacted] -- that is

[redacted]

A No, that's Vince Cannistraro.

Q Was responsible, and you go on to say "I heard them talking about whether they were going to address 'that sensitive issue' today." Now what sensitive issue did you hear them talking about?

A I didn't. That is what I heard. I don't know what the sensitive issue was. That's all I heard.

Q You heard Cannistraro say --

A That is a quote of Cannistraro on that sensitive issue.

Q And you don't know what he was referring to?

A No, I don't.

Q I'm marking as Earl number 13 a document bearing the numbers N-1807 through 1817, the first page of which is a note from Sharfen to you, apparently, attached to which is the United States Munitions List, and the note says: "Commander Paul Thompson told me you had asked him for a copy of this", which Sharfen's initials.

(The document referred to was marked Earl Exhibit Number 13 for identification.)

Can you recall when you asked for a copy of the U.S. Munitions List and why? Any recollection of that?

A No. If you had ever showed me this and asked if I had ever asked ~~Jacques~~ Jock Sharfen --

Q It looks like you asked Paul Thompson.

A I would have said no, but I can only guess that I had asked for it for Colonel North. I was asking for him and gave this to Colonel North when I got it.

(The document referred to was marked Earl Exhibit Number 14 for identification.)

Q Look at Exhibit Earl 14, which is a one-page document with our number N-18110. You have it in front of you, and it is a PROF note dated October 30, 1986 from you to Colonel North, subject is [redacted] Debrief. And I am interested really in the last paragraph of that PROF, which I will read into the record.

"Max will be in town next week. Sam is puzzled by your comments to him about Max and seeks further info, if appropriate, before Max meets with him and the Vice President. Sam apparently sees no problem with [redacted] hiring his own [redacted] rather than Max's." Is that a reference, first, to Max Gomez?

A Yes, it is.

Q Also known as Felix Rodriguez?

A One in the same.

Q Sam is Sam Watson, the Vice President's aide?

A Correct.

Q And you understood that Max was going to meet with Vice President Bush a week from when you were writing this?

A That was my understanding at the time, that Max was coming into town for a meeting with him, Sam.

Q And Vice President Bush?

A That is what it says.

Q And that Max would be discussing a problem that related to his work for the contras, right?

A I'm sorry. Repeat the question.

Q What did you understand Max was going to be discussing with the Vice President?

A I guess that there was some preliminary indication in phone calls, in however Sam or Don Gregg acquired this information that Max was going to be coming to town, that there had been some indication of what was going to be discussed, and the parenthetic remark at the end of the sentence suggests that it was in some way related to the transition.

Q The transition to the $100 million program?

A To the CIA program.

Q From the private benefactor?

A From what had been being done by the private groups.

Q Project Democracy and Max's alias, or Felix's alias, Max, was working on that problem, correct?

A I'm not sure of that, no.

Q Well, he had been assisting. You knew he had been assisting the Project Democracy effort on behalf of the contras -- "he" being Max Gomez.

A No, I don't think I knew that at this time.

Q What did you think he was doing?

A That he was going to raise this problem. That doesn't indicate one way or another his involvement in that.

MR. LEON: You hadn't met him yet?

THE WITNESS: No, I hadn't met him yet and I didn't have the benefit of that, what is in my notes of the little thumbnail sketch that I had gotten.

BY MR. BELNICK: (Resuming)

Q I see. Right before the August 8 meeting?

A Right, because this is back on 30 July.

Q About a week before.

A But what I'm trying to suggest is that there was some cryptic indication of the topic because of this parenthetic remark, because either I got it screwed up in relaying what Sam Watson told me and relayed to North, or Sam Watson and Don Gregg was confused about it. I copied it correctly and passed it on, but somebody was confused about this and whose assets and what the mechanism was.

Q [redacted] was with the CIA?

A That's right.

Q What was his position?

A He was in the task force.

MR. LIMAN: [redacted] was the head of the Latin American Division?

THE WITNESS: I knew in some way he was working with [redacted] I would have guessed that he was underneath

BY MR. BELNICK: (Resuming)

Q Just the opposite. Did he have contacts with Ollie that you were aware of regarding the Project Democracy network?

A I'm sorry.

Q Did [redacted] have contacts with Ollie from time to time of which you were aware regarding the Project Democracy effort on behalf of the contras?

A Did [redacted] have contact with North?

Q Correct.

A No. I think this is one of my first references to him and associated with this. Have I confused you enough on that?

(A discussion was held off the record.)

Q Now we're back in the notes of the volume from June 17, '86 to 5 September 1986, and I'm going to try and limit the questions to here are notes at page 92 of the meeting on, I think, August 12, 1986, regarding Rodriguez' allegations. Am I right? Are those notes of that meeting or relating to that meeting?

A Well, they relate to that general subject, but I don't think they relate to the meeting. I think that I have more extensive notes of that meeting somewhere else.

Q Well, what do these notes refer to on page 92, "when CIA takes over, no outsiders, eliminate interference of Max"?

A Well, I'm drawing a blank as to who gave me that and what the circumstances are. I shouldn't speculate.

Q Now here are notes also dated 12 August at page 93. Is this a message from [redacted]?

MR. KIRK: Doesn't this go down here?

(A discussion was held off the record.)

BY MR. BELNICK: (Resuming)

Q Anyway, isn't this a message from [redacted] [redacted]?

A I did not know the name [redacted] and I did not know [redacted] last name. I just knew a voice on the phone as

Q [redacted] from [redacted]

A That is correct.

Q Now let's read it: "Ambassador and [redacted] concerned Mr. Bacon" -- do you know who Mr. Bacon was?

A No.

Q "Mr. Bacon identified problem with Point West." Did you know what Point West was?

A No, I did not.

Q Did you know it was a name for the air strip at Santa Elena in Costa Rica?

A I think circumstantially I can intuit that now, and I think I intuited it then, but I did not know Point West. I had never been briefed into this compartment and so I did not know the names.

Q Did you know that the private network was constructing or had constructed a supposedly secret air strip in Costa Rica to help with contra resupply?

A I knew that at some point, and I don't know whether it was by 12 August or not. I think we were talking off the record about the photo book, and I knew that I had seen pictures of the air strip.

Q From the Dutton photo album?

A From that, and I think others as well. It might have been just loose pictures of the air strip also.

MR. LEON: Did you ever see photos of the air strip that were represented to you to be photos taken by Rob Owen for Colonel North, not in a particular book? Does that ring any bells?

THE WITNESS: I recall loose photos, color photos, of the air field from various directions, showing, looking down the runway from this direction, looking back the other way and so forth, but I don't know that they were provided. I don't know who took the photos, how they were provided.

BY MR. BELNICK: (Resuming)

Q Page 93, continuing the notes, under 12 August, "one-eyed Jack has dismissed key employees, property there not secure." Did you know who one-eyed Jack was?

A No, I did not.

Q "Squatters may occupy. Mr. Bacon hasn't received payment, according to one-eye, and the corporation." Did you have any idea what this message was all about at the time?

A Some, yes. I knew there was a problem here that [redacted] was identifying. I knew that [redacted] was a reliable source and so I knew that this had to be passed to Colonel North and I think -- I'm not positive -- that I knew at this time that it related to the air field. But

I'm not positive of that. So I didn't know the codes or the key players, but from the rest of it I think I knew at that time that there was some sort of problem associated with the air field in Costa Rica, yes.

Q Since we agreed to stop, let me just take you through the August 12 meeting, which is in your notes, at pages 94 and 95. Am I right now?

A Yes.

Q This is the August 12 meeting in Gregg's office?

A Yes. Ambassador Corr and Jim Steele from the Embassy.

Q You and Ray Burkhardt?

A Ray Burkhardt and I from the NSC.

Q William Walker from the State Department?

A Correct. [redacted] from CIA, Don Gregg, and Sam Watson, I believe, although that's back to this not knowing which meetings Sam Watson is in. I think Sam Watson was at that time with Don Gregg.

Q I want to ask you to go through that meeting, but what is this note? There is one reference I just want to understand on page 95. These are all notes that you took at the meeting?

A I think it is, yes.

Q "Felix claims working with Vice President, blessing for CIA." What was that? Who said it and what did it mean?

A I think that that is somebody's statement at the meeting -- and I'm not sure who. Possibly Don Gregg was asserting that Felix was clean, that he was working for the CIA with the Vice President's blessing, and that triggers a more general recollection that there was a realization by at least some of the folks in that room, I think, that Felix was using the Vice President's name, that he was somewhat of a loose cannon and attributing things to the Vice President that weren't true, that he was embellishing on his role and, as I say, using the Vice President's name when it wasn't appropriate.

And I think that is a reference to that, that Felix was going around, so it may not have come from Don Gregg. It may have come from the Ambassador or Jim Steele that Felix was going around down in Salvador using the Vice President's name to make things happen and really trying to take control of this thing.

Q What did Gregg say about that?

A I don't know. In general my recollection is that Don Gregg had a very close friendship with Felix and that he trusted what Felix told him, and so whenever I would usually put things in the middle, whenever I had the one side saying black and the one side saying white, that there was probably a middle ground here, that there probably was some truth to the fact that Felix was embellishing.

Q Why don't you go through the meeting as it is reflected in your notes, the August 12, 1986 meeting in Don Gregg's office?

A My notes indicate that one of the first things that happened was that Ambassador Corr indicated concern on the transition and that [redacted] was concerned that the FDN were getting a bad deal concerning the aircraft, that they thought that the equipment, the aircraft, were being taken, that they in fact belonged to the contras and that Democracy, Incorporated intended to take them with them, and so there was this misunderstanding or difference of view as to who owned the aircraft, that there was an urgent need for resupply of the southern front.

And then there was some discussion of the C-123 that had made this unauthorized trip from Miami, I believe, with Air Miami or Felix's involvement, and that I think this is still Corr talking about Felix being compadre with [redacted] that they were very close and had a close relationship, and that is what gave Felix a lot of authority, more authority than he should have had, that he derived from this relationship to [redacted] who controlled the air force and the air field. [redacted] can help with the [redacted] who are saying that, the [redacted] don't trust the gringos. A reference to $10 million of arms by ship from [redacted] and a question about whether these are to be expected, and that [redacted] was ensuring that the ship would be hidden and the possible use of an island for the offloading of the arms.

Q That was from the [redacted]

A Yes. And this is -- I didn't understand this. These are just some kind of cryptic notes. [redacted] and this was background on how [redacted] frame of mind and how he was figuring into this current crisis, and that there was some kind of contradiction that Corr didn't understand.

But the bottom line for Ambassador Corr was that -- well, I guess for [redacted] -- no, I'm getting confused here. The bottom line was that the aircraft should be sold and money given to the FDN as one resolution of this difference of view as to who owned the assets.

MR. LIMAN: Who was expressing that?

THE WITNESS: Well, underneath I say "Corr recommends this", and I'm not sure. The bottom line above that is referring to [redacted] and that Corr is also concurring in that, or this is just a double reference to Corr's recommendation of it, and it is not -- my general impression is that [redacted] position as relayed by Felix and the Ambassador and others was that [redacted] had been convinced that the aircraft belonged to the contras, so that is one possibility.

The other is, if that is not acceptable, that Colonel North would have to explain to [redacted] who owned the aircraft as a resolution of this problem.

BY MR. BELNICK: (Resuming)

Q Did you understand --

A Ambassador Corr didn't feel this would work.

Q Do you know what Colonel North's view was at the time as to who owned the aircraft?

A I'm not sure how firmly I knew. I think I suspected that the aircraft belonged to Democracy, Inc., but I don't think I was sure of that. I certainly wasn't sure enough of it to offer it up at the meeting.

Q Did you ask Colonel North at that meeting?

A Well, he wasn't there, but I got it clearly from what follows later in my message to Dutton and the feedback that we got that the aircraft clearly belonged to Democracy, Inc.

Q That is what Dutton told you?

A Yes.

Q Did Colonel North ever express that view to you, that he thought the aircraft belonged to Democracy, Inc.?

A How about if I answer it this way? When North finally came back nothing that he did or said disabused me of the impression that I had gotten from Dutton.

Q You gave North Dutton's message?

A I fully briefed him.

Q And he didn't say I disagree, tell Dutton he's wrong?

A No.

BY MR. LIMAN: (Resuming)

Q Did you know that any of these aircraft had been paid for from the proceeds of the arms sale?

A No, I didn't know that.

Q Did you know whether they had been paid for from donations from foreign countries?

A I did not know how the aircraft had been procured, paid for. I did not know any of that.

Q And you were probably asked this, but your deposition has stretched over four days. Who did you understand owned Democracy, Inc.?

A My understanding was that that was a private corporation run by persons unknown but including at least

General Secord and I think I would also throw Hakim in that, although I think my knowledge of throwing him in that would be later than my knowledge of Secord.

Q What about ownership as opposed to running it?

A I think one in the same. I think both would apply, that it was owned and operated and run by private individuals -- General Secord and others.

MR. LEON: So you didn't know if it was a non-profit corporation?

THE WITNESS: No.

MR. LEON: Or if it was a profit corporation?

THE WITNESS: That strikes me as an irrelevant question. I mean, I never focused on that.

MR. LEON: You didn't focus on that?

THE WITNESS: No.

All right. So we're at the bottom line. Ambassador Corr didn't think that that would work, just Colonel North explaining to [redacted] that the aircraft did not belong to the contras. And then the general sense, I think, from within the group was that Felix would have to be eased out with honor.

Ambassador Corr said that he didn't mine either way on the two ways of solving it, the problem, but that Corr thinks he has been instrumental -- "he", I think, being Felix.

BY MR. LIMAN: (Resuming)

Q As being instrumental in what?

A I don't know. I take that to mean instrumental --

Q In the operation?

A In the operation in some way, that that which has been occurring that is leading into the transition prior to CIA taking over, but it is a mixture of two thoughts in the previous sentence.

Q Well, you had heard and understood that he was a key liaison with [redacted]? I mean without looking at your notes you understood that that was what Felix's power was derived from?

A I'm not sure whether I got that from Colonel North and his little precis at the beginning.

BY MR. BELNICK: (Resuming)

Q Look at page 77. One of your notes regarding Felix says "[redacted], friend of Felix". Does that refresh your recollection?

A Yes. There is a separate reference to three months' continuation. I don't know what that means.

Q Let me ask you if you remember -- I don't see in your notes -- any discussion at the August 12 meeting about Felix's allegations regarding ripoffs on the price of arms and the Clines group, the Wilson group -- the kind of things you talked about at the August 8 meeting?

A I think there was some discussion of ripoffs on arms, but merely the use, the reference to disreputable characters or individuals, and I'm not sure if names were actually used -- they possibly were -- the one that was referred to on the 8th.

Q Clines?

A Clines may have been, but I'm not sure.

MR. LEON: Who mentioned it?

THE WITNESS: I don't know. I don't know if it was mentioned.

MR. LEON: Well, let me ask you this. Was it mentioned in the context of a suggestion by anyone that this has to be looked into because otherwise it's going to bring discredit to North, to the U.S. Government, the President -- anything like that?

THE WITNESS: That is, I think -- what can I use instead of "track"? That corresponds to what I remember of the meeting.

MR. LIMAN: That is consistent with your recollection?

THE WITNESS: Thank you. That sounds like a lawyer's --

BY MR. BELNICK: (Resuming)

Q Was there a discussion at the meeting, focusing around the fact that [redacted] was present, of a concern -- let me start again. Focusing on the fact that [redacted] was there, do you recall any discussion at the meeting of Felix's concern that this Clines group or this group of unsavory individuals would be adopted by the CIA when the CIA came back into the program in October, and [redacted] responding to that concern by saying, in effect, no way?

A That is possible. I don't recall it specifically. What I was about to say and what that again triggers was a recollection that [redacted] made the comment about within the American -- the Cuban-American community that there are these disreputable characters that are sympathetic to the contra cause but causing more problems than help and that one had to be careful in how one dealt with the Cuban-American community and its relation to this, that although their motives were in the right place there was a lot of corruption and greed and drugs and it was a real mess.

And so he was recommending caution in how that was approached, and I think that may have flowed from what you just said or what was earlier said over here by Mr. Leon, or possibly a discussion of the name Clines. I'm not sure, but that is possible. That would be consistent with the meeting, but I don't have a note on

it.

BY MR. LEON: (Resuming)

Q Did you get any sense, Colonel, of what it was that Donald Gregg was trying to accomplish by calling this meeting with all of these people there? Was he looking for them to launch an investigation? Was he looking for them to make inquiries into these problems? Did you get any sense, any bottom line sense, of what Gregg was trying to accomplish by bringing all of these people from different agencies together in one room -- a big picture sense that you could report to Ollie?

MR. LIMAN: Or were you trying to achieve a consensus?

THE WITNESS: My sense was Don Gregg had received some information from a friend that he trusted, who he believed, that raised some problems and issues that had potential to be big problems, because he was wanting to get the appropriate people to address them, that one of the things that got his attention was Felix's use of these names that he, Don Gregg, knew or believed that they were really bad apples and that if they were involved in this private enterprise that was providing aid in support of the contras to raise questions about the whole operation.

And so he wanted to surface -- my judgment is he wanted to surface with the appropriate people these concerns that he had been made aware of so that those people could, A, be aware of the problems and deal with them in the right manner.

One of the specific problems was the friction between [redacted] and the group that was providing the aid and how aid was going to continue in the transition period, in that it was clearly in danger of being shut down by Felix and [redacted] because of what may have been mistaken impressions on their part or power politics between competing factions, whatever, but that if they started charging $600,000 landing rights or doing all of these things that the bottom line was that the contras were not going to be supported to the extent that everybody was in sympathy for happening, and that these problems needed to be worked out.

BY MR. LEON: (Resuming)

Q So the problems were not only political problems but maybe legal problems and maybe just problems with effectively assisting the contras, as well as others?

A It was a grab-bag of problems.

Q And, therefore, let me ask you this. Do you have any recollection of how it was left in this sense: Did Donald Gregg ask any of these people to report back to him or, if not, did you get the impression that he was, without directly asking for them to report back to him, inviting them to get back to him on the matter? Did you get any sense along those lines one way or the other?

A Well, I would like to look at the end of my notes to see if there is anything that was discussed specifically on this point, but my general recollection about that is that there wasn't, that he had done his duty, if you will, of advising the appropriate people of the problem and that that was the extent of his responsibility, that there was no need to report back.

Q And do you have any knowledge, Colonel, whether Donald Gregg ever brought these matters to the attention of the Vice President?

A No, I don't. I do not. I don't recall any tasking like that -- if you report back to me, that, consistent with your question, it didn't seem to me that he was taking for action this thing and wanting to follow through on it and seizing the initiative, a sense of responsibility to solve it, that he had been made aware of a problem and wanted to make sure that the appropriate parts of the U.S. Government that had differing degrees of concern with it were aware of it so that they could deal with it.

MR. KIRK: Let's go off the record a minute.

(A discussion was held off the record.)

MR. LIMAN: Let's go on the record.

THE WITNESS: There is a PROFs note that -- and I get it confused.

BY MR. LIMAN: (Resuming)

Q Is it a KL-43 note?

A Yes, a KL-43 note to Dutton, and this is my copy of it.

Q Who sent the message?

A I sent the message.

Q On behalf of Colonel North?

A Yes.

Q And Colonel North told you what to say?

A Yes.

Q And what was the instruction -- to close down the operation?

A Yes.

Q And get out?

A Yes.

Q And what led him to give that order?

A Well, I would have to go back in and see the date of this and how it flows from the 12 August meeting. My general recollection, without doing that right now, is that it flowed from the 12 August meeting in some way, of Felix's interference and the meeting that Don Gregg had chaired, that had a variety of people, many of whom were not in the compartment, and was getting this thing screwed up.

Q You can just look at the dates, but there was a message that said "get fixed right away -- North to Bob". That's right after the meeting.

A All right. Here's the date, my message. No, no, this is from McAllister, right, on the 12th of August, so it is the same day, immediately after the meeting with all of those people, I sent a message to Dutton relaying the substance.

MR. LEON: Let me stop you there. You met with Dutton that day. On the 12th you met with Dutton. According to Dutton's testimony and chronology you met with Dutton the 12th and the 14th, two days later, personally met with him. That is what I wanted to ask him about.

THE WITNESS: Okay. My recollection is that immediately after the first meeting on the 8th that I sent to Dutton what Felix was alleging.

(Pause.)

Well, I would have to look in there and see what transpires between the 8th and the 12th, if anything. I'm not exactly sure when I got to brief Colonel North of that.

BY MR. LIMAN: (Resuming)

Q I'm not interested in the date. What I am interested in is substance.

A Whether it's flowing from the 8th or the 12th, eventually I sent to Dutton the message that had been given to me from Colonel North on withdrawing the people and the shutdown of the operation, if you will.

Q And Colonel North gave you that order to relay?

A Yes.

Q And did Colonel North tell you why he made that decision?

A No.

Q Was it out of disgust with the fact that there was so much infighting?

A That would be speculation on my part. I don't know what the reason was. I mean, it was a solution to the problem that had arisen on the 8th and the 12th of August -- how to deal with it.

Q His solution to the problem was to give the order to shut it down?

A Correct.

Q And was that order observed?

A That order was not -- that guidance, direction, suggestion, whatever it was, was not done. It was reversed by General Secord. General Secord said no, that they would not do that.

Q And did he tell you that?

A I don't know specifically how I got it. I think I got it from Dutton. I don't think I got it directly from General Secord.

Q And so was it left that Oliver North would talk to General Secord about this?

A Yes, I think so. I think when there was this substantial disconnect between the two that I think both Dutton and I agreed that those two should talk about it, but there's something in what you say that tracks responsibly.

Q Because you remember that after that Oliver North talked to the Director of the Central Intelligence about the fact that he considered Secord to be a patriot; don't you remember that?

The reason I'm saying that is there is a PROF note from North to Poindexter in which North urges Poindexter to speak to Casey about helping Secord out and a response by Poindexter saying that Casey agrees that Secord is a patriot. Does that ring any bells other than that you read it in the Tower report?

A I don't think so. Was I recipient of either one?

Q No. But you're not a recipient on other things which you read either. So, in any event, the bottom line of this whole series of events was that North and Secord were left to work it out? You gave an instruction. Secord countermanded it or didn't observe it, and it was left that your boss in this operation, Oliver North, and Dutton's boss, Secord, would talk together and work it out?

A Yes. But let me just caveat that one bit, which was that the standing order of Secord would stand, pending the talking.

Q Well, Dutton was going to take the instruction of Secord.

A And that was it. Secord would talk and explain to North why.

Q Who told you that?

A That would have been my interpretation.

Q Well, you know that Dutton has testified that he considered Secord and North to be his co-commanders?

A Right. I heard him say that, and I don't think I would phrase it quite that way.

Q Well, you're not Dutton, so you're not able to say who he takes his orders from and who he doesn't.

A No.

BY MR. LEON: (Resuming)

Q Well, did he ever express it differently to you?

A Did Dutton?

Q Yes.

A No. No, I'm not questioning that. No. I'm just saying that that is not how I would characterize.

Q How would you?

A I wouldn't say that Colonel North was a co-commander of Democracy, Incorporated. I see General Secord as running Democracy, Incorporated, but that this link with Colonel North is obviously a close one, but not a co-commandership. I mean, that to me strikes of military formal structure. You have a chain of command and that North is in this Democracy, Incorporated loop as a Board of Director or a commander or whatever, and my conceptualization, to the extent that there is one, doesn't have him in that box but over here.

BY MR. LIMAN: (Resuming)

Q Where did you get your conceptualization from?

A Just osmosis, by picking up the way he dealt and the way Secord overruled North's suggestion on this, that the assets belonged to General Secord and he didn't like what Colonel North was telling him, and so he said no, that's not what we are going to do, and he did what he said, and I will explain it to North.

Q Did North give the instruction to Dutton or did you give the instruction to Dutton?

A Well, I passed the PROFs note because Colonel North was out of the country.

Q So it was an instruction from a guy by the name of Earl to Dutton. Is that what it was?

A The guy by the name of Earl had no authority. I mean --

Q And the instruction from the guy by the name of Earl wasn't observed, but when you sent that message in whose name did you send it?

A I think I clearly sent it as coming from North, but I don't know. I would have to look. But that certainly was what I was thinking at the time, and I don't think there was any confusion on Bob Dutton's part that it was coming from North. But maybe there was. Maybe I didn't make that clear in the message.

Q Do you know who tasked Secord to set up Democracy, Inc. to begin with?

A No, I do not.

Q And you were not privy to all of the communications between North and Secord?

A No.

MR. LIMAN: Let's conclude this now. Let's go off the record.

MR. LEON: I would like to ask two questions on the record. I realize this has gone on for too long.

BY MR. LEON: (Resuming)

Q I have a whole bunch of questions, but we will have to get together another time. But one is Dutton's chronology says you met with him on the 12th. Do you recall meeting that day and, if so, was it before or after this meeting with all of these people -- and please look at the notes.

A What day of the week is the 12th and where was the meeting?

Q It was a Monday, I believe, or a Tuesday. It seems to me the 8th was Friday.

A Did you say where it was?

Q I don't know, Colonel.

A I don't have -- and I think I talked about this before, but I don't have any recollection of meeting Dutton in the Old Executive Office Building ever, but I have -- and I thought that we went through this -- my recollections of my meetings with Dutton, one of them was at a restaurant near Tyson's Corner. That was the first one because I didn't know who I was looking for when I met him and I don't recall the date.

One was in the Watergate Hotel.

Q How about in a hotel on the 14th, two days later? He also has in his chronology that you met two days later. He has testified to that.

A I'm sorry?

Q The 14th of August, that he met with you two days later.

A That is possible because Jim Steele was in the country, obviously, and at the meeting on the 12th, and so --

Q Steele was there on the 14th, too.

A If I met with Dutton on the 12th, that evening at the restaurant in Tyson's Corner, then it is likely that the follow-up meeting with Steele was in the Watergate on the 14th. And so I think -- oh, then there's a phone number for the Watergate, which may be possibly Jim Steele's number.

What date are we on here -- the 12th? And I'm speculating a little bit, but I think that that is probably the best reconstruction that I can do right now.

Q The reason why I'm asking this is I am just trying to determine whether or not on either of those --

A That is his date of birth for coming into the meeting, so I met with Steele once when he came into the Old EOB.

MR. LIMAN: He is going to give you a reason why he's asking this.

THE WITNESS: Wait a minute.

(Pause.)

THE WITNESS: Counsel points out on page 97 is my notes of a meeting with Bob Dutton, I assume that is. And I think we have groped into what is probable. We can refresh it better if we need to.

MR. LIMAN: Do you have it there on the 14th?

THE WITNESS: I don't have it there.

BY MR. LIMAN: (Resuming)

Q Well, let's assume it is the 14th, since you didn't have that many meetings with him. You have notes or another meeting with him following the 12th?

A These may be notes of the 12th rather than the 14th. But, I mean, whether it's the 12th or the 14th I'm not sure that that is really particularly relevant at the moment.

Q For the record, those are notes on page 97, and those are the notes that have Bob meeting, and they continue all the way down to the end of the page.

A Yes.

Q And they say "Max not our problem. If he stays in country, he's your problem." Who is "our" and who is "your"?

A Okay. The reference to "Max not our problem, nothing to do with our op" is Bob Dutton talking. "Our" means Democracy, Inc.

Q When he says it's your problem, that means you, when he says if he stays in country he's your problem? That means the United States Government's problem, or Ollie North's problem?

A Yes. It suggests something outside of Democracy, Inc.

BY MR. LEON: (Resuming)

Q Well, those notes pretty much establish the fact that you did relay to Bob Dutton what happened in the meeting on the 12th?

A Yes.

Q And that he gave you a reaction to it and that you put that down in your notes?

A Yes.

MR. LEON: Okay, fine. I don't need to go through that any further now. I will go through your notes and ask you about it another time.

MR. LIMAN: We will need your CV, if you can get it typed up. We will need that.

THE WITNESS: We need it?

MR. LIMAN: Yes.

(A discussion was held off the record.)

(Whereupon, at 5:50 p.m., the taking of the instant deposition ceased.)

____

Signature of the Witness

Subscribed and Sworn to before me this __________ day of

______________________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

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The Director of Central Intelligence
Washington, D.C. 20505

17 October 1986

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

I 0198

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Ghobanifar [redacted] Channel

1. My meeting yesterday with Roy M. Furmark, New York representative of Adnan Khashoggi, only served to underscore the serious concerns that I outlined to you in my memorandum of 14 October. Indisputedly, we must endeavor to effect an orderly, damage-limiting shutdown of the Ghobanifar [redacted] channel now before serious--perhaps irrevocable--damage is done to current initiatives to free American hostages in Lebanon and to establish links with moderate factions in the Iranian Government.

2. Furmark, in a brief conversation with me on 16 October, made the following points:

--He has known Ghobanifar since January 1985 and has detailed knowledge of the Ghobanifar [redacted] channel (although he never mentioned [redacted] by name).

--He has met with Ghobanifar many times and participated in discussions in the summer of 1985 on the need for rapprochement between the US and Iran. He acknowledged that rapprochement was not just a national security issue, but that he, Ghobanifar, Khashoggi, and others saw a potentially lucrative market if relations were reestablished between Tehran and Washington.

--The idea of providing Iran with military equipment in exchange for American hostages--seen as a way of commencing a dialogue with Iran--also originated in the summer of 1985 and he along with Ghobanifar, traveled to Tel Aviv in August 1985 where they met with a number of Israeli officials including Amiran Nir, Israeli Special Assistant to the Prime Minister for Combatting Terrorism. Subsequently, arms were delivered to Tehran in September 1985, a development that resulted in the re
Benjamin Weir.

(34.)

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by B. Reger, National Security Council

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--After a number of false starts in late 1985 and early 1986, Khashoggi agreed to finance another arms transaction in May 1985, just prior to Bud MacFarlane's secret visit to Tehran. He borrowed money from a number of Canadian financiers. On the basis of a signature loan, he borrowed a total of $15 million at 20 percent, agreeing to repay principal and interest in 30 days. Everyone anticipated that the MacFarlane visit would result in resolution of the hostage crisis.

--Unfortunately, this did not occur, and only $8 million has been paid by the Iranians for the equipment received. Of this, $5 million has been used to pay back one creditor; the remaining $3 million has been used to cover expenses and for other matters. No profit has been realized, and Khashoggi owes the Canadians $10 million. 0799

--The current financing was complicated by the fact that Iranian officials in the Prime Minister's Office complained about the price of the Hawk spare parts that were shipped, asserting that the cost was five or six times what should have been charged. Many of the delivered items, moreover, did not work or were for a different model of the Hawk missile system.

--Iranian officials, after having paid $8 million in cash, claim that no additional funds are owed to Ghobanifar or Khashoggi. The shipment of the Hawk spare parts to Tehran, however, resulted in the release of Father Lawrence Jenco.

3. Furmark stated that the current situation has left Ghobanifar and Khashoggi with $10 million of indebtedness and no prospects for resolving this indebtedness. According to Furmark, Ghobanifar and, by virtue of his financial involvement in the scheme, Khashoggi, are being blamed by the Canadian creditors for this situation. The Canadian entrepreneurs, who have investments in oil, gold, mining, and real estate, reportedly are aggressive, tough-minded individuals who have influential contacts in Washington. They have told Khashoggi that unless some payment on the principal is forthcoming, they would begin to inform individuals like Senators Leahy, Moynihan, and Cranston around 15 October about this back-channel deal with Iran and how they have been swindled. Furmark, while stating that he was not authorized to provide the names of the Canadian investors, asserted that we should not underestimate the determination of the Canadians. He claimed they have a reputation for dealing roughly with those who do not meet their obligations. Khashoggi allegedly is trying to get them to extend the 15 October deadline, but was uncertain as to whether he would be successful in this effort.

4. Furmark stated that he spent two days last week in London talking to Ghobanifar. He stated that Ghobanifar is telling the truth about these transactions and insisted that the Iranian entrepreneur had not made any profit off this deal. He stated that Ghobanifar was in a "devastated" condition without any constructive ideas on how to pull himself out of his current financial morass. Khashoggi, who also has financial problems, is not in a position to repay the Canadian creditors. Furmark stated that he had worked for many years in the oil business and was a good judge of individuals who were attempting a swindle. In this case--regardless of other Ghobanifar business deals--he was convinced that the Iranian was essentially telling the truth.

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5. Furmark stated that everyone had agreed to keep this back-channel arrangement with Iran "highly secret" but that if the situation remained static, he is absolutely certain that the Canadians will talk and that the matter will eventually become public knowledge. He recommended that the US consider at least a partial shipment of additional arms to Iran in order to maintain some credibility with the Iranians in the Prime Minister's Office and to provide Ghobanifar with some capital so that the investors can be repaid partially and so that Ghobanifar can borrow money to finance additional shipments. This would keep the process rolling and could result in release of additional hostages. Furmark offered to meet with me in New York next week in order to report fully on his involvement in these transactions.

0200

6. Comment: B I find Furmark's detailed knowledge of the Ghobanifar[redacted] link deeply troubling. Regardless of who is at fault on the financing--and we know that Ghobanifar is not to be trusted—the exposure of these back-channel dealings will almost certainly have a crippling effect on the new channel that has now been opened between the United States and[redacted] The risk of exposure is growing daily, and I again believe that you must advise Admiral [redacted]oindexter that a group be formed that is knowledgeable of the Ghobanifar[redacted] channel to consider how to cope with this burgeoning problem. If this is not done immediately, I predict an exposure of this activity in the near future. At a minimum, we need to find ways to stave off disclosure for 60-90 days while we work the [redacted]channel tactically to get our hostages released. Furmark showed no indication that he was aware of the new channel, but we know Ghobanifar is aware.

Charles E. Allen

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Allen's testimony dates this 86-10-24

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The Director of Central Intelligence

Washington, D.C. 20505

86-4068/+03

MEMORANDUM FOR: Vice Admiral John M. Poindexter, USN
Assistant to the President for
National Security Affairs

SUBJECT: Roy Furmark's Comments on the Hostage Situation

I 0195

1. Charles Allen and George Cave went to New York on 22 October 1986 to meet with Roy Furmark. This was an extremely interesting meeting in that it revealed that the financial backers of Ghobanifar have been aware of the operation since its inception and may actually have played a key role in getting it moving, possibly for altruistic reasons, but almost certainly for their own profit. Roy himself admitted several times during the evening that profit was certainly a motive but that the group did see their efforts as leading towards stability in the region and the release of the hostages. Roy appeared to be very open during the course of the evening and everything he told us tracked with what we know. The only doubtful answer he gave was in ✓ reply to a question as to whether some of the principals were involved in the sting operation. Roy said that none of the principals were involved, however, one of the players, lawyer Samuel Evans, was the major indictee and is free on $4.5 million bond. Roy claims that Evans owes him $200,000.

2. Khashoggi has been involved in this from the beginning as Ghobanifar's financier. Everything started in January 1985 with a meeting in Europe, Frankfurt apparently, involving Ghobanifar, Khashoggi, Roy, and others. This was followed up by subsequent meetings in Paris and London. These meetings culminated in a meeting in August 1985 in Tel Aviv. Roy went to Tel Aviv with Ghobanifar and while there they stayed with Nimrodi in his house. During the course of these meetings, Roy met Amiran Nir. At this meeting it was decided that it was necessary to get Washington's approval for the overall plan. There were two basic objectives; one, get release of the hostages, and two open up a dialogue with Iran. Schimmer was sent to Washington to obtain this approval. Roy is uncertain as to whether he discussed this with North or MacFarlane in Washington. Ghobanifar also made a total of four trips to Washington. Ghobanifar represents the line held by the Prime Minister which Roy describes as "Moderate." (We did not tell him that the Prime Minister could not be considered as Moderate.) By way of personal relationships, Roy

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said that he has known Khashoggi since 1966 and trusted him. Roy added that Schimmer and Khashoggi are close. Roy thinks this points up Khashoggi's breadth of vision. Roy pointed out that Schimmer had actually returned from a visit to China to make the August meeting.

3. The first transaction was in September 1985 and was for 500 TOWs. The cost of the TOWs was $5 million. Khashoggi put up the money because he believes in Ghobanifar. The cost to Iran was $6 million. This allowed for $1 million to cover profit and expenses. The first shipment of TOWs was defective, so a second shipment was sent. There was a subsequent $5 million deal that went off in the November-December timeframe. Khashoggi told Roy that they were not involved, but Roy is certain that this was a Khashoggi/Ghobanifar organized deal. 0196

4. Roy said that prior to the next deal, there was a meeting in the Paris airport hotel; he forgets or never knew exactly who was involved in this meeting. The meeting concerned Hawk spare parts. The deal for the Hawk spare parts began to be put together in April 1986. Khashoggi raised $15 million to cover the deal $5 million from an Arab financier, and $10 million from two Canadians. Khashoggi raised the money on 15 May. A group of Americans went to Tehran and took with them seven percent of the Hawk spare parts which consisted mainly of nuts and bolts. With regard to this deal, the financiers, Ghobanifar, and Nir met and agreed that $3 million would be added to the price to cover profit and expenses and also another $2 million would be added to cover monies owed to Nir. The price to the Iranians would then be $20 million. (Why did Ghobanifar charge $24.5 million and with Nir's knowledge?) Neither Roy nor the financiers apparently know anything about the raise in the price by Ghobanifar, although they are aware that the Iranians objected strenuously to the price. Ghobanifar told Roy and Khashoggi that he believed the bulk of the original $15 million price tag was earmarked for Central America. In this regard, Ghobanifar told Roy that he was relieved when the $100 million aid to the Contras was passed by Congress. ✓

5. The above requires clarification. In Tehran, Ghobanifar took Cave aside and told him that the Iranians would be questioning him about the price of the Hawk spare parts. Ghobanifar told Cave to insist that the price of $24 million old dollars is correct. When asked about the huge jack up in price, Nir gave a long circumlocution on why the price of over $24 million was correct. We were so concerned about this that we considered telling Ghobanifar exactly how much he could charge on any subsequent deals. From Roy's comments, it is clear that the 20 percent interest Ghobanifar told us about is in fact the gross profit margin agreed upon.

6. Roy said that Ghobanifar told them that he received two payments, one for $3 million and the other for $5 million. As originally agreed upon, the Arab investor was supposed to get back $6 million for his cut and the Canadians would get back $11 million. The other $1 million was to go to Khashoggi. Ghobanifar's cut was to come out of the $1 million. To the $8 million that Ghobanifar received, he added $100,000 of his own funds. The Arab investor was paid off ($5 million). The two Canadians received $1.1 million. Roy was not sure but presumably the $2 million went to Nir.

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I 0197

Originally, the Canadians were given a check by Khashoggi in the amount of $11 million to cover the $10 million they provided Khashoggi. The monies to cover the Hawk shipment were paid into an account of a company called Lakeside which is an off-channel company. The Canadians believe that the money was stolen and this is giving Khashoggi heartburn. (Note: This does not square with what we know. We know that Ghobanifar received $4 million from the Iranians in July. He also received $8 million into his Swiss bank account on 21 August. These two payments were cash. He may also have received a check for $6 million in between these two payments. The Iranians raised a big stink about the price of the Hawk spare parts and Ghobanifar offered them a $6 million deduction. According to [redacted] the $8 million payment on 21 August squared their accounts with Ghobanifar by mutual agreement. In fact, according to [redacted] $7 million covered the remainder of the deal, the other million was to help Ghobanifar finance the next deal.)

7. Roy's suggested solution to the problem is to let Ghobanifar handle the shipment of the remainder of the Hawk spare parts. Proceeds from this deal would allow them to ease the Canadian pressure. Then it would be 500 TOWs for one hostage and another 500 TOWs for a second hostage.

Sincerely,

Willian J. Casey

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7 November 1986

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: [redacted] Charles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Meeting with Roy M. Furmark

I 0201

1. Roy M. Furmark, head of Adnan Khashoggi's New York operations, called on 5 November 1986 to request an urgent meeting with me in Washington. I met with Roy on the afternoon of 6 November at the Key Bridge Marriott Hotel. He provided further information on the fallout that is occurring with the shutdown of the Ghobanifar[redacted] channel. The following are highlights of the conversation with Roy:

a. The Canadian investors who put up $11 million to finance the arms transactions with Iran have retained a Washington law firm to bring suit against Khashoggi and the offshore company Lakeside, the firm into which they paid the $11 million to cover the cost of Hawk missile parts. The Canadians told Roy that they would bring suit against Khashoggi and Lakeside on Monday, 10 November, and that they intended to implicate in the ligitation directly senior levels of the US Government. Roy claimed, however, that the Canadians had agreed—at his request—to withhold filing the suit until 17 November.

b. After the release of Jacobson, the Canadians began to press Ghobanifar and Khashoggi for repayment of the money owed. Ghobanifar told the Canadians that the latest transaction did not involve him in any way and that the United States was "dealing direct" with the Iranian Government.

c. The Canadians tend to believe Ghobanifar because they have had their lawyers block Ghobanifar's account in Credit Suisse. If funds had been transferred into Ghobanifar's account in repayment for arms shipped to Iran, Credit Suisse would have automatically transferred that money to the Canadians' account in the Bank of Montreal.

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d. The Canadians are extremely angry, they are pressing Khashoggi hard, and firmly believe that the Iranian Government has paid money to someone as a result of additional arms having been sent to Iran. They claim that Jacobsen's release could only have resulted from another arms transaction with Iran.

e. The Canadians involved are Douglas Fraser, a financier who operates out of the Cayman Islands, and Ed Miller, who operates out of Toronto and Vancouver. The third individual involved in the investment effort is a swami (Roy could not remember his name) who lives in Los Angeles, California. The swami knows a number of prominent Congressmen (Cranston was mentioned) and even advises the Sultan of Brunei. The swami has counseled Fraser and Miller to be patient, but the two Canadians are now determined to recover their money.

0202

f. The Canadians intend to expose fully the US Government's role in the backchannel arms transactions with Iran. They believe Lakeside to be a proprietary of the US Government; they know that former Major General Richard Secord is heavily involved in managing the arms transactions to Iran for Oliver L. North, and that Secord is also involved in assisting North in the support the Contras in Nicaragua.

g. When the Canadians originally put up the money after negotiations with Khashoggi and Ghobanifar, they believed the effort was formally sanctioned by the US Government. They are not concerned about the politics of the US-Iranian equation; they simply want repayment of $10 million. Miller, a tough and sleazy individual, is especially determined to get his money back.

h. In addition to bringing suit against Lakeside and Khashoggi and exposing US Government involvement in the arms transactions, the Canadians intend to use the swami to lobby key Congressmen. The Canadians believe that they have been swindled and that the money paid by Iran for the arms may have been siphoned off to support the Contras in Nicaragua. The Canadians originally expected to be repaid in thirty days; it has now been six months and they have received only $1.1 million.

i. While Ghobanifar managed the channel to Tehran, he coordinated his initiatives in a variety of ways with all significant factions in Iran. Clearly, whoever is running the new channel has failed to do this, a devastating mistake.

2. Roy stated that he would endeavor to identify the law firm that the Canadians have retained and would call me on 7 November. It was his understanding that the law firm in question at one time had handled a case involving President Nixon. The Canadians have told Khashoggi that they have already lost $6 million as a result of their ill-fated investment. For his part, Khashoggi is demoralized and is unable to correct the situation, given his own financial difficulties. Ghobanifar, according to Roy, has spent large sums of his own personal fortune over the past 18 months on this effort. He described Ghobanifar as an excellent broker with extraordinarily high-level contacts in Western Europe, the Middle East, and Iran. Ghobanifar, however, is angry and bitter and his health is now impaired.

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3. Roy offered no specific suggestions on how to solve the financial problem but stated that somehow $10 million should be paid into Ghobanifar's account at Credit Suisse (Account Number 283838-92-1). Because Ghobanifar's account at Credit Suisse is totally blocked, the money would simply be transferred to the Canadians. All the Canadians have are checks from Ghobanifar and Khashoggi—checks that are worthless. Roy reaffirmed that Ghobanifar and Khashoggi have been able to pay off the other investor—an Arab who put up $5 million. Roy stated that he and Khashoggi may see the Canadians in Europe in the near future to request more time, but they were not sanguine that anything would result from such a meeting.

0203

4. The Canadians have told Roy that they had kept their word keeping these transactions totally secret, but now felt no compunction to do so in the future in view of media exposure of the MacFarlane trip. Roy stated that he personally felt responsible for persuading Khashoggi to help finance these transactions. The effort had taken considerable courage both on the part of both Ghobanifar and Khashoggi. In Roy's opinion if the transactions had proceeded as planned in July 1986, the hostage issue would have been resolved by now. The apparent switching to another channel by the United States in dealing with the Iranian Government, however, had destroyed this process. The current publicity about these transactions probably has foreclosed any near-term hope of obtaining Iran's support in securing the release of additional hostages. The damage that could occur from the legal efforts of the Canadians is potentially significant, especially because the Canadians are aware of all of the transactions that have occurred over [illegible] to 15 months.

6. I conclude from Roy's statements that:

a. Furmark is personally troubled by having persuaded Adnan to put up capital for a venture that has now gone sour.

b. His approach to the US Government appears to be a last-ditch effort to try to pressure the government to take some action, for example, ensuring another shipment of arms through Ghobanifar.

c. Some very nasty allegations against the US Government and key officials will be made if the Canadians bring civil suit, although much of what they know is speculation and cannot be proven.

d. The fallout from any litigation by the Canadians may not be too significant, especially since the press already have major pieces of the back channel effort with Iran.

e. When dealing with Iran, every faction—to some extent—must be taken into account. The fact that Ghobanifar kept Ayatollah Montezari fully informed on his initiatives with the United States suggest that radicals around Montazeri have decided to use the MacFarlane visit and contacts by Iranians with the United States as a way to attack Rafsanjani's moderate faction. Ghobanifar, bitter and angry, may have actually encouraged radical elements to expose those contacts, although the arrest of Mehdi Hashemi probably finally triggered the action by the radicals.

UNCLASSIFIED

~~TOP SECRET/SENSITIVE/EYES ONLY~~

UNCLASSIFIED

f. Even though the situation is messy and is likely to become even messier, we should keep in some perspective the damage that can be caused by the Canadians. On balance, given the current exposure, the damage now might not be too great.

Charles E. Allen

I 0204

UNCLASSIFIED

~~[illegible] Exports [illegible]~~

ARMS EXPORTS

UNCLASSIFIED

N 10965

N ~~[illegible]~~5

SOURCE

4 [illegible] The Export Administration Act of 1979,
D 50 U.S.C. app. §§ 2401–2420 (1976 & Supp III 197:
(EVOLVED OUT of THE EXPORT CONTROL ACT of 1949), ~~ch. 11, § 1, 63 Stat 7 (1949)~~
See § 2405(j) and (l)

3 C [illegible] Arms Export Control Act, 22 U.S.C §§ 2751–279
(1976 + Supp II 1978)

[illegible] 5 E ○ United States Munitions List
22 CFR §121.01 (1982)
"International Traffic in Arms Regulation
ITAR

*B B Bum Ex 2
12/5/86
RWK.

L (12) 50 U.S.C. § 413 Congressional oversight
(Reports to Congressional committees of current + proposed activities

M (13) 22 U.S.C. §2422 Intelligence ACTIVITIES
(Presidential Findings)

A ① Omnibus Diplomatic Security and Antiterrorism Act of 1986, 22 U.S.C. 4801
See § 509 (amends Arms Export Control Act 22 USC 2771-2779 by adding a new §)

Earl #6
RH III 5/30/87

J (10) National Emergencies Act 50 U.S.C. 1601

K (11) Int'l & Eco Emergency Powers Act 50 USC 1

(9) Ex Order 12470 of March 30, 1984
Continuation of Export Control Regul.

3438

[Declass]ified/Released on 2-8-87
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N 10966

7 G Rules and Regulations Dept of Commerce 15 CFR 385, 390, and 399 Foreign Policy Controls on Exports to Iran of Aircraft, Helicopters and Marine Outboard Engines

~~Determin~~

⑧ H Department of State, Office of the Secretary; Determination Pursuan to § 6(i) of the Export Administration Act of 1979 – Iran 49 CFR 2836-02; 1984

⑥ F Foreign Military Assistance and Sale 22 U.S.C.A § 2301 – 2348

② B US Code Congressional and Administrative News Legislative History PL 99-399 / 22 U.S.C. 48 (Omnibus Dipl Sec and Antiterrorism Act of 1986)

BB BURNBAG-3
12/5/86
RWK

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ARMS EXPORTS

N 10967

TAB #

A 1. Omnibus Diplomatic Security and Anti-terrorism Act of 1986, 22 U.S.C. 4801 (amends Arms Export Control Act 22 U.S.C. 2771-2779 by adding a new §) see § 509.

B 2. U.S. Code Congressional and Administrative News Legislative History PL 99-399/22 U.S.C. 4801 (Omnibus Diplomatic Security and Anti-terrorism Act of 1986).

C 3. Arms Export Control Act, 22 U.S.C. §§ 2751-2794 (1976 and Supp. II of 1978).

D 4. The Export Administration Act of 1979, 50 U.S.C. app. §§ 2401-2420 (1976 and Supp. III 1979) (Evolved out of the Export Control Act of 1949) See 2405(j) and (l).

E 5. United States Munitions List 22 CFR § 121.01 (1982) "International Traffic in Arms Regulations" ITAR.

F 6. Foreign Military Assistance and Sales 22 U.S.C.A. § 2301-2348. DoD

G 7. Rules and Regulations Department of Commerce 15 CFR 385, 390, and 399 Foreign Policy Controls on Exports to Iran of Aircraft, Helicopters and Marine Outboard Engines.

H 8. Department of State, Office of the Secretary; Determination of Pursuant to § 6(i) of the Export Administration Act of 1979 - Iran 49 CFR 2836-02, 1984.

I 9. Executive Order 12470 of March 30, 1984 Continuation of Export Control Regulations.

J 10. National Emergencies Act 50 U.S.C. 1601.

K 11. International Emergency Economic Powers Act 50 U.S.C. 1601.

Intel Oversight Act L 12. 50 U.S.C. § 413 Congressional Oversight (Reports to Congressional Committees of Current and Proposed Activities). — 501

M 13. 22 U.S.C. §2422 Intelligence Activities (Presidential Findings).

Boland Amendment

12333 EO

1979 EO — specifecally Ban Arms Exports + is it still in effect?

Parent EO

Findings

12170

Nov. 14, 1979

☐ 1868 Hostage Law

UNCLASSIFIED

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From Jonathan R Scharfen
To Anne

N 10968

Subj Library Requests

☐ 108 Wash Post #27 Title: "4 indicted on arms-export charges" Author Tofani, Loretta Date Apr. 11, 1985 Edition Thursday col # 1

☐ OBERDORFER, Exports of U.S. Arms Pose Thorny Ques of Control, Wash Post, May 14, 1978 § A at 17, col

☐ Wash Post, Apr 9, 1978, § A, at 27 col 4

☐ " ", Apr 6 1978 § A, at 1, col 1.

☐ Gwertzman, Arms Sales Abroad Assailed in Report, N.Y. Times, Oct 11, 1977 at 9, col 1

☐ Wash Post, July 12, 1977, § A, at 11, col. 1

Thanks

5

UNCLASSIFIED

BB BURENING 12/5/86 RWK

UNCLASSIFIED

N 10969

STATUTE CHECK

☐ Sale of \$25 mill defense articles or services (Expor
\$7 mill major def equip
22 USC § 2776 (b)

* ☐ 14 mill maj def articles (Transfer
50 mill def article
22 USC § 2753 (d) (1)

☐ IS THE Foreign Mil Assist + Sales Act 22 USCA §
- 2348 STILL GOOD LAW?

UNCLASSIFIED

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(Document)
Page N8221 denied in
its entirety.

Earl #7
RHIII 5/30/87

Partially Declassified/Released on 12-8-87
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By B. Reger, National Security Council

(3439)

UNCLASSIFIED

Meese Press Conference

25 NOV 86

UNCLASSIFIED

N 8222

1. [redacted]

2. small commission investigate NSC. (role & procedures)

3. JMP knew last yr (of shipments to Cent Am)

4. 3d country shipping – what did Pres know/when?

one w/o US knowledge Aug Sept 85.
one w/ " " Nov – weapons returned to Israel

Pres knew of both.

Pres. knew of 1 shipment afterwards
after the fact condoned by USG.

6. Boland Amendment violation

7. Administration sought funds from 3d countries.

OLN retiring from the Marine Corps?

8. Bud knew in Apr. 86 (after out of govt)

9. OLN on airplane to Tehran w/ McFarlane ?

10. 3 or 4 shipments in 1986

E-83
12/17/86

UNCLASSIFIED

[redacted]

Pres'l News Conference UNCLASSIFIED 19 Nov 86
(since Aug)

① Watch what we do, not what we say? – How affected your credibility/
Dismiss Finding? Credibility?
② Shultz resignation? – Has he suggested resignation?
Is his stay conditional to no further
N 8223
③ W/pns for hostages?
Iran held no hostages Denial ship = arms.
Reagan said he condoned Israeli.
If no publicity, we would have had 2 more
④ How can you justify this duplicity?
● Polls don't believe you? Dispute on staff
⑤ 1,000 TOWs – ancillary part of this deal?
How not break / law?
We do not condone arms shipments
in effect confined TOWs (shoulder-fired
spare parts for HAWKs
⑥ Israeli shipment – explain their role
No condoning of other countries shipping
⑦ Only 2 shipments.
⑧ Reagan said Israel condoned shipment to Sep 85.
Why not cancel / Finding?
⑨ Why would Americans believe in selling arms
We met w/ Iranian individuals
⑩
Iran has pressure not control over
⑪ Did a party break it? Yes, a person in Iran (not one we were dealing w/)
⑫ Consider sending arms to N?
Break relations w/ Nicaragua
⑬ Will more hostages be released?
I have to [illegible] believe that?
⑭ I don't believe a mistake was made?
⑮

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E-84
12/17/86

UNCLASSIFIED N 1823

[redacted] is not mollified, but in the interests of not rockin

1135 [redacted]

1220 Conference call w/ Al Adams + John Adams, discussed press guidance and family word - told to hold until green thumbs up

1245 Copp call - his number [redacted] machine inop - Law on way ETA 2 hrs please advise [redacted] (done by Dewey, flash msg).

1510 [redacted] call to [redacted] in [redacted] & confirmed to him NOT to launch the charter flight tonight. His open line at home is [redacted] & at work: [redacted] Open line code for launching the A/C = "open the diplomatic pouch". It will take them about 2 hours to get the A/C in the air.

1605 Kagan called. [redacted] is frantic -- needs the $25K OLN had promised him a month & a half ago....

1645 WHSR advises that Teicher & Bill Burns had read the cable + the PROF's — no one else. The WHSR computer (WAX E), which is "guaranteed" a secure, closed system that couldn't have done what it did... sent the cable on to the general distribution system, where the usual keyword distribution was made.

1703 [redacted] called. He & Dick are extremel [redacted] They are unable to get in touch [redacted] even tho they have both telephone numbers. Dewey will send msg [redacted]

[redacted]

3440

RH III Nolan

UNCLASSIFIED

Partially Declassified/Released on 12-8-87 under provisions of E.O. 12356 by [illegible]

UNCLASSIFIED [redacted]

N 18154

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TLP: ONLY [redacted] AU WHITE HOUSE COMMUNICATIONS AGENCY        PAGE [illegible]
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[redacted]

Nonrelevant

```
*** Reply to note of 10/01/86 11:27
NOTE FROM: OLIVER NORTH
Subject: CALL FROM BILL OWEN
We also r interested in detailed plans for the facility and info on what other
countries (if any) rely on that station for long distance calls (Costa Rica?
Honduras?, etc.) Also have a passing interest in details re similar terminals
in other places (Libya, Iran, Syria). Is this a discreet channel?
  # CALL FROM BILL OWEN
*** FROM: NSOLN   --CPUA     TO: NSOLB   --CPUA              10/20/86 10:08:31
To: NSOLB   --CPUA

NOTE FROM: Robert L. Earl
 SUBJECT: THE LAW
In the 21 Oct NYT, Alfred Rubin, Professor of International Law at the
Fletcher School alleges that US Code, Title 22, section 2778 makes it illegal
to "export defense supplies or services to insurgents abroad...." He asserts
that this is the law under which Wilson & Terpil were indicted.
Suggest a lawyer quickly check this out. The last thing this country needs
is for Hasenfus to be prosecuted in this country if the Sandinistas release
him by Christmas.
It sure would be nice if Al & Mrs Hasenfus could see it in their interest at
that time to refuse all contact w/ the press.... Hopefully, some private
benefactor will also take care of his family's living expenses.
  # THE LAW
```

[redacted]

Nonrelevant

```
NOTE FROM: Robert L. Earl
Subject: Draft Presidential Correspondence
I assume this got taken care of, whatever it was....
*** Forwarding note from NSOLN   --CPUA     10/21/86 11:56 ***
To: NSPM    --CPUA

NOTE FROM: OLIVER NORTH
Subject: Draft Presidential Correspondence
Has anyone seen this?
*** Forwarding note from NSWT    --CPUA     10/21/86 10:41 ***
To: NSOLN   --CPUA                          NSRFB   --CPUA
NOTE FROM: William Tobey
 SUBJECT: Draft Presidential Correspondence
```

[redacted]

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by B. Reger, National Security Council

UNCLASSIFIED [redacted]

[redacted]

[illegible] [redacted] WHITE HOUSE C UNCLASSIFIED TOP SECRET [redacted] PAGE [illegible]

N 18180

[illegible]
*** Forwarding note from [illegible] --CPUA 10/15/86 15:[illegible] ***
To: [illegible] --CPUA

NOTE FROM: OLIVER NORTH
Subject: Senate Permanent Subcommittee on Investigations
Please Schedule accordingly. Bob and [illegible] in.
*** Forwarding note from [illegible] --CPUA 10/15/86 09:00 ***
To: NSOLN --CPUA [illegible] --CPUA
NOTE FROM: Joanne Collins
SUBJECT: Senate Permanent Subcommittee on Investigations
You both [illegible] to see Mary [illegible] and Daniel Rinzel of this subcommittee regarding [redacted] money laundering and narcotics trafficking. They will come here, Ollie [illegible] your offices? On Thursday morning or Friday afternoon -- would you let me know which time will be best for you so I can arrange for them to see you both at the same time. Thank you.
1 Senate Permanent Subcommittee on Investigations 0
NOTE FROM: NSOLN --CPUA TO: [illegible] --CPUA 10/27/86 [illegible]
To: [illegible] --CPUA

*** Reply to note of 10/26/86 16:00
NOTE FROM: OLIVER NORTH
Subject: THE [illegible]
The letter is already being done. Pls see Jack, to look at the format - from the perspective that Honduras DID NOT expect anything from the U.S., but did pick up things in a foreign country and delivered them to [illegible] of the government in a third country.
2 THE [illegible] 0
NOTE FROM: [illegible] --CPUA TO: NSOLN --CPUA 10/27/86 [illegible]
To: [illegible] --CPUA

*** Reply to note of [illegible]/27/86 15:03
NOTE FROM: Tyrus Cobb
Subject: EAST EUROPEAN [illegible]
Ollie. [illegible] will contact you tomorrow. Suggest 30 minute talk, followed by 20-25 minutes Q's and A's.
3 EAST EUROPEAN [illegible] 0

[redacted]

NOTE FROM: [illegible] --CPUA TO: NSOLN --CPUA 10/30/86 [illegible]
To: [illegible] --CPUA

*** Reply to note of 10/29/86 [illegible]
-- SECRET --
NOTE FROM: JOHN POINDEXTER

UNCLASSIFIED TOP SECRET [redacted]

UNCLASSIFIED [redacted]

[illegible] [redacted] [illegible] WHITE HOUSE [illegible]

[illegible]

[illegible]

[illegible]

[redacted]

N 18124

[redacted]

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Earl #10
RHIII 5/30/87

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[redacted] [illegible] WHITE HOUSE [illegible] PAGE 00001

N 18119

[redacted]

```
FROM: NSRLE   --CPUA      TO: NSCPC   --CPUA
NSJMP   --CPUA                                08/15/86 17:06:26

* Reply to note of 08/15/86 16:18
* FROM: Robert L. Earl
SUBJECT: U.S. Hostages held by Iranians
I's this one to response to?  Have you asked someone to pull something
together on this?  (I've talked to [redacted] twice on the subject -- once
yesterday & once today.  [redacted] has little additional info avail (e.g. [redacted]
don't know how many times the guy went into Iran since the revolution,
what he used a US passport before, etc.).
```

[redacted]

```
FROM: NSOLN   --CPUA      TO: NSRLE   --CPUA
NSJMP   --CPUA                                08/15/86 20:10:40

NOTE FROM: Robert L. Earl
SUBJECT: ADVANCE APPLICATION
We concur w/ your package ([illegible]) for Ollie.

cc: [illegible]  --CPUA

ADVANCE APPLICATION
FROM: NSRLE   --CPUA      TO: NSPWN   --CPUA
NSJMP   --CPUA                                08/17/86 16:29:10

NOTE FROM: Robert L. Earl
SUBJECT: CIVILIAN MILITARY ASSISTANCE TO THE CONTRAS
I think this is anything we ought to be commenting on.  Any "news"
effort by one to set the record straight will only get further distorted
and of being fired back at us.  For example, the Gen Schweitzer info is
distorted.  On his own initiative, the retired [illegible] general
only decided to take a look at the contras.  As a private citizen, he
a report that he then passed FYI (and unsolicited) to a USG official
[illegible], by the way.  At any rate, the report did not figure in any way
[illegible] in the USG decision on the $100m.
I think [illegible] anything you can say, however, since the info was obtained
[illegible] from private/confidential/deals.  Moreover, I tend to believe that
if we were to violate the private confidences in which the facts of the
[illegible] were obtained, the press would use the bits and pieces obtained to
[illegible] their sensationalist version of events -- e.g. "White House confirms
[illegible] general conducted contra study which led to $100m aid
...." etc.
```

[redacted]

Earl #11
RHIII 5/30/87

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UNCLASSIFIED TOP SECRET

[redacted]

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[illegible] NOTE [redacted] -- WHITE HOUSE UNCLASSIFIED [redacted]

PAGE [illegible]

[illegible] No removal. Suggest they talk to the [illegible] leadership about [illegible] they've been getting their aid.

[illegible] --CPUA
[illegible] --CPUA NSPLD --CPUA
[illegible] NSCPC --CPUA
[illegible] MILITARY ASSISTANCE TO THE CONTRAS

[redacted]

[redacted]

[redacted]

[illegible]: NSRLE --CPUA TO: NSCPC --CPUA
[illegible] --CPUA 08/18/86 08:41:39

FROM: Robert L. Earl
[illegible]: Civilian Military Assistance for the Contras
Forwarding note from NSPBP --CPUA 08/14/86 09:01 ***
NSLE --CPUA

FROM: Bob Pearson
[illegible]: Civilian Military Assistance for the Contras
Forwarding note from [illegible] --CPUA 08/13/86 10:56 ***
[illegible] --CPUA
[illegible] --CPUA NSOLN --CPUA

FROM: [illegible]
[illegible]: Civilian Military Assistance for the Contras

[illegible] of the [illegible] is doing an article on groups in the US which provide assistance to the Contras.

[illegible] the last convention, in Memphis, of Civilian [illegible], a private group formed 3 years ago

N 18120

UNCLASSIFIED

TOP SECRET [redacted]

[redacted]

UNCLASSIFIED [redacted]

N 18121

[illegible] NOTE [redacted] WHITE HOUSE [illegible] [illegible]

[illegible] provide non-lethal supplies (medical equipment, e.g.) to the Contras. [illegible] all last year. He discussed other organizations like the Council for World Freedom, and in particular a retired USMC general whose name [illegible]; who reportedly put together a report based on his first-hand observations of Nicaragua which served as the impetus for the request for the $100 mil aid package.

[illegible] would like to know what non-governmental organizations are providing aid to the Contras, what kind of aid are they providing, and how does Ollie North coordinate it all?

[illegible] points out that there is collateral interest in CRS in [illegible] of the [illegible] incident last [illegible] in which [illegible] some illegal immigrants [illegible] custody" for a few hours for reasons which never seemed [illegible] clear to [illegible]. The incident took place near [illegible].

[illegible] appreciate some info.

[illegible]

[illegible] --CPUA

[illegible] Military Assistance for the Contras
FROM: [illegible] --CPUA TO: [illegible] --CPUA [illegible]
[illegible] --CPUA

[illegible] FROM: Robert L. Earl
SUBJECT: CONTRA FEEDBACK
Since I didn't hear back from you on Friday, I assume JMP didn't have any written feedback on the contra aid support issue he raised with the DCI on Monday night. [illegible]
CONTRA FEEDBACK
FROM: [illegible] --CPUA TO: NSCPC --CPUA [illegible]
NSCPC --CPUA

[illegible] Reply to note of [illegible]
[illegible] FROM: Robert L. Earl
SUBJECT: Interpol
[illegible] being [illegible] almost to tears when Interpol briefed us on the fact [illegible]. Do I hafta? Seems we have an obligation to appear interested.
Interpol
FROM: [illegible] --CPUA TO: [illegible] --CPUA [illegible]
[illegible] --CPUA NSCPC --CPUA
[illegible] FROM: Robert L. Earl
SUBJECT: 60 Minutes
[illegible] advises that [illegible] has told him that Wallace & Co [illegible] to air a 60 Minutes selection on the issue of private citizens [illegible] the Reagan doctrine.... According to [illegible], Casey and [illegible] will be interviewed; providing "balance" will be Congressman [illegible] (House Foreign Affairs Comm). Andy intends to call Elliot to see he'd be willing to provide even stronger "balance".... Stay tuned.
60 Minutes

~~TOP SECRET~~ UNCLASSIFIED [redacted]

From: NSRLE --CPUA Date and time [illegible]
To: NSOLN --CPUA

UNCLASSIFIED

NOTE FROM: Robert L. Earl
SUBJECT: IG/N

FYI. I got bounced from the 3 Nov meeting. Elliot told me principals only. (I think Vince got to Elliot just before the meeting as he--Vince--saw me coming into the WHSR.... I heard them talking about whether they were going to address "that sensitive issue" today....)

N 8138

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3444

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by B. Reger, National Security Council

E-60
[illegible]

Earl #125
RKIII 5/30/87

UNCLASSIFIED

Fr JRS
To Col Earl

NATIONAL SECURITY COUNCIL

SIR:

Cmdr Paul Thompson told me you had asked him for a copy of this

VR

JRS

N748
12/1/86
KZ

PAPERCLIP
748-749

Declassified/Released on 12-8-87
under provisions of E.O. 12356
by B. Reger, National Security Council

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UNCLASSIFIED

82-704

22 C.F.R §121 (1986)

N - 1808

ered to be equivalent for purposes of that section of the Arms Export Control Act and this subchapter.

§ 120.20 Technical assistance agreement.

An agreement (e.g., contract) for the performance of defense services or the disclosure of technical data, as opposed to an agreement granting a right or license to manufacture defense articles.

§ 120.21 Technical data.

"Technical data" means, for purposes of this subchapter:

(a) Classified information relating to defense articles and defense services;

(b) Information covered by an invention secrecy order;

(c) Information which is directly related to the design, engineering, development, production, processing, manufacture, use, operation, overhaul, repair, maintenance, modification, or reconstruction of defense articles. This includes, for example, information in the form of blueprints, drawings, photographs, plans, instructions, computer software and documentation. This also includes information which advances the state of the art of articles on the U.S. Munitions List. This does not include information concerning general scientific, mathematical or engineering principles.

§ 120.22 United States.

"United States", when used in the geographical sense, includes the several States, the Commonwealth of Puerto Rico, the insular possessions of the United States, the District of Columbia, and any territory over which the United States exercises any powers of administration, legislation, and jurisdiction.

§ 120.23 U.S. Person.

"U.S. Person" means a person (§ 120.16) who is a citizen or national of the United States, or a permanent resident of the United States under the Immigration and Nationality Act (8 U.S.C. 1101, section 101(a)20, 60 Stat. 163).

FORMS

§ 120.24 Listing of forms referred to in this subchapter.

The forms referred to in this subchapter are available from the following government agencies:

(a) *Department of State:*

(1) Application/License for permanent export of unclassified defense articles and related technical data (Form DSP-5).

(2) Application for registration (Form DSP-9).

(3) Application/License for temporary import of unclassified defense articles (Form DSP-61).

(4) Application/License for temporary export of unclassified defense articles (Form DSP-73).

(5) Nontransfer and use certificate (Form DSP-83).

(6) Application/License for permanent/temporary export or temporary import of classified defense articles and related classified technical data (Form DSP-85).

(7) Authority to Export Defense Articles and Defense Services sold under the Foreign Military Sales program (Form DSP-94).

(b) *Department of Commerce:*

(1) International Import Certificate (Form ITA-645P/ATF-4522/DSP-53).

(2) Shipper's export declaration (Form No. 7525-V).

(c) *Department of Defense:*

Offer and acceptance (DD Form 1513).

[Dept. Reg. 108.860, 49 FR 47684, Dec. 6, 1984; Dept. Reg. 108.861, 50 FR 12787, Apr. 1, 1985]

PART 121—THE UNITED STATES MUNITIONS LIST

ENUMERATION OF ARTICLES

Sec.
121.1 General. The United States Munitions List.
121.2 Interpretations of the United States Munitions List.
121.3 Aircraft and related articles.
121.4 Amphibious vehicles.
121.5 Apparatus and devices under Category IV(c).
121.6 Cartridge and shell casings.
121.7 Chemical agents.

N749
12/1/86
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UNCLASSIFIED

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N 1809

Sec.
121.8 End-items, components, accessories, attachments, parts, firmware, software and systems.
121.9 Firearms.
121.10 Forgings, castings and machined bodies.
121.11 Military demolition blocks and blasting caps.
121.12 Military explosives.
121.13 Military fuel thickeners.
121.14 Propellants.
121.15 Vessels of war and special naval equipment.

Authority: Sec. 38, Arms Export Control Act, 90 Stat. 744 (22 U.S.C. 2778); E.O. 11958, 42 FR 4311; 22 U.S.C. 2658.

Source: Dept. Reg. 108.840, 49 FR 47686, Dec. 6, 1984, unless otherwise noted.

Enumeration of Articles

§ 121.1 General. The United States Munitions List.

(a) The following articles, services and related technical data are designated as defense articles and defense services pursuant to sections 38 and 47(7) of the Arms Export Control Act (22 U.S.C. 2778 and 2794(7)). Changes in designations will be published in the Federal Register. Information and clarifications on whether specific items are defense articles and services under this subchapter may appear periodically in the Munitions Control Newsletter published by the Office of Munitions Control.

(b) *Significant Military Equipment.* An asterisk precedes certain defense articles in the following list. The asterisk means that the article is deemed to be "significant military equipment" to the extent specified in § 120.19. The asterisk is placed as a convenience to help identify such articles.

Category I—Firearms

*(a) Nonautomatic, semi-automatic and fully automatic firearms to caliber .50 inclusive, and all components and parts for such firearms. (See §§ 121.9 and 123.16-123.19.)

(b) Riflescopes manufactured to military specifications, and specifically designed or modified components therefor; firearm silencers and suppressors, including flash suppressors.

*(c) Insurgency-counterinsurgency type firearms or other weapons having a special military application (e.g. close assault weapons systems) regardless of caliber and all components and parts therefor.

Category II—Artillery Projectors

*(a) Guns over caliber .50, howitzers, mortars, and recoilless rifles.

*(b) Military flamethrowers and projectors.

(c) Components, parts, accessories and attachments for the articles in paragraphs (a) and (b) of this category, including but not limited to mounts and carriages for these articles.

Category III—Ammunition

*(a) Ammunition for the arms in Categories I and II of this section. (See § 121.6.)

(b) Components, parts, accessories, and attachments for articles in paragraph (a) of this category, including but not limited to cartridge cases, powder bags, bullets, jackets, cores, shells (excluding shotgun shells), projectiles, boosters, fuses and components therefor, primers, and other detonating devices for such ammunition. (See § 121.6.)

(c) Ammunition belting and linking machines.

*(d) Ammunition manufacturing machines and ammunition loading machines (except handloading ones).

Category IV—Launch Vehicles, Guided Missiles, Ballistic Missiles, Rockets, Torpedoes, Bombs and Mines

*(a) Rockets (including but not limited to meteorological and other sounding rockets), bombs, grenades, torpedoes, depth charges, land and naval mines, as well as launchers for such defense articles, and demolition blocks and blasting caps. (See § 121.11.)

*(b) Launch vehicles and missile and antimissile systems including but not limited to guided, tactical and strategic missiles, launchers, and systems.

(c) Apparatus, devices, and materials for the handling, control, activation, monitoring, detection, protection, discharge, or detonation of the articles in paragraphs (a) and (b) of this category. (See § 121.5.)

*(d) Missile and space vehicle powerplants.

*(e) Military explosive excavating devices.

*(f) Ablative materials fabricated or semifabricated from advanced composites (e.g., silica, graphite, carbon, carbon/carbon, and boron filaments) for the articles in this category that are derived directly from or specifically developed or modified for defense articles.

*(g) Non/nuclear warheads for rockets and guided missiles.

(h) All specifically designed or modified components, parts, accessories, attachments, and associated equipment for the articles in this category.

Category V—Explosives, Propellants, and Incendiary Agents

*(a) Military explosives. (See § 121.12.)

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"(b) Military fuel thickeners. (See § 121.13.)

(c) Propellants for the articles in Categories III and IV of this section. (See § 121.14.)

(d) Military pyrotechnics, except pyrotechnic materials having dual military and commercial use.

(e) All compounds specifically formulated for the articles in this category.

CATEGORY VI—VESSELS OF WAR AND SPECIAL NAVAL EQUIPMENT

"(a) Warships, amphibious warfare vessels, landing craft, mine warfare vessels, patrol vessels, auxiliary vessels and service craft, experimental types of naval ships and any vessels specifically designed or modified for military purposes. (See § 121.18.)

"(b) Turrets and gun mounts, arresting gear, special weapons systems, protective systems, submarine storage batteries, catapults and other components, parts, attachments, and accessories specifically designed or modified for combatant vessels.

(c) Mine sweeping equipment, components, parts, attachments and accessories specifically designed or modified therefor.

(d) Harbor entrance detection devices (magnetic, pressure, and acoustic ones) and controls and components therefor.

"(e) Naval nuclear propulsion plants, their land prototypes, and special facilities for their construction, support, and maintenance. This includes any machinery, device, component, or equipment specifically developed, designed or modified for use in such plants or facilities. (See § 123.31.)

CATEGORY VII—TANKS AND MILITARY VEHICLES

"(a) Military type armed or armored vehicles, military railway trains, and vehicles specifically designed or modified to accommodate mountings for arms or other specialized military equipment or fitted with such items.

"(b) Military tanks, combat engineer vehicles, bridge launching vehicles, half-tracks and gun carriers.

"(c) Self-propelled guns and howitzers.

(d) Military trucks, trailers, hoists, and skids specifically designed, modified, or equipped to mount or carry weapons of Categories I, II and IV or for carrying and handling the articles in paragraph (a) of Categories III and IV.

"(e) Military recovery vehicles.

"(f) Amphibious vehicles. (See § 121.4.)

"(g) Engines specifically designed or modified for the vehicles in paragraphs (a), (b), (c), and (f) of this category.

(h) All specifically designed or modified components and parts, accessories, attachments, and associated equipment for the articles in this category, including but not limited to military bridging and deep water fording kits.

CATEGORY VIII—AIRCRAFT, SPACECRAFT, AND ASSOCIATED EQUIPMENT

"(a) Aircraft, including but not limited to helicopters, non-expansive balloons, drones, and lighter-than-air aircraft, which are specifically designed, modified, or equipped for military purposes. This includes but is not limited to the following military purposes: gunnery, bombing, rocket or missile launching, electronic and other surveillance, reconnaissance, refueling, aerial mapping, military liaison, cargo carrying or dropping, personnel dropping, airborne warning and control, and military training. (See § 121.3.)

(b)"(1) Spacecraft, including manned and unmanned, active and passive satellites (except those listed in Category VIII(b)(2).

(2) Non-military communication satellites (excluding ground stations and associated equipment not enumerated elsewhere in § 121.1).

"(c) Military aircraft engines, except reciprocating engines, and spacecraft engines specifically designed or modified for the aircraft and spacecraft in paragraphs (a) and (b) of this category.

"(d) Cartridge-actuated devices utilized in emergency escape of personnel and airborne equipment (including but not limited to airborne refueling equipment) specifically designed or modified for use with the aircraft, spacecraft, and engines of the types in paragraphs (a), (b), and (c) of this category.

(e) Launching and recovery equipment for the articles in paragraphs (a) and (b) of this category, if the equipment is specifically designed or modified for military use or for use with spacecraft. Fixed land-based arresting gear is not included in this category.

(f) Power supplies and energy sources specifically designed or modified for spacecraft.

(g) Components, parts, accessories, attachments, and associated equipment (including ground support equipment) specifically designed or modified for the articles in paragraphs (a) through (f) of this category, excluding aircraft tires and propellers used with reciprocating engines.

(h) Developmental aircraft components which have a significant military application, excluding aircraft components concerning which Federal Aviation Agency certification has been granted.

"(i) Ground effect machines (GEMS) specifically designed or modified for military use, including but not limited to surface effect machines and other air cushion vehicles, and all components, parts, and accessories, attachments, and associated equipment specifically designed or modified for use with such machines.

"(j) Inertial navigation systems and components designed specifically for such sys-

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tems. Systems or components which are standard equipment in civil aircraft, including spare parts and spare units to be used exclusively for the maintenance of inertial navigation equipment incorporated in civil aircraft, and which are certified by the Federal Aviation Administration as being an integral part of such aircraft are subject to export regulation by the Office of Munitions Control only if the export is intended for a controlled country described in section 620(f) of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2370(f)) (except Yugoslavia). The Export Administration Act of 1979, as amended (50 U.S.C. App. section 2410(c)) deals with the export of such items to non-controlled countries. All exports of technical data (regardless of destination) relating to the design, development, production or manufacture of inertial navigation equipment (regardless of accuracies) or its related parts, components, or subsystems are subject to the requirements of the regulations contained in this subchapter. The export of technical data relating to the repair of parts, components, or subsystems of inertial navigation systems (including accelerometers and gyroscopes) which are not certified by the FAA as being an integral part of civil aircraft are subject to the requirements of this subchapter. The provisions of XI(e) and XII(c) are not applicable to such exports of technical data.

Category IX—Military Training Equipment

(a) Military training equipment including but not limited to attack trainers, radar target trainers, radar target generators, gunnery training devices, antisubmarine warfare trainers, target equipment, armament training units, operational flight trainers, air combat training systems, radar trainers, navigation trainers, and simulation devices related to defense articles.

(b) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for the articles in paragraph (a) of this category.

Category X—Protective Personnel Equipment

(a) Body armor specifically designed, modified or equipped for military use; articles, including but not limited to clothing, designed, modified or equipped to protect against or reduce detection by radar, infrared (IR) or other sensors; military helmets equipped with communications hardware, optical sights, slewing devices or mechanisms to protect against thermal flash or lasers, excluding standard military helmets.

(b) Partial pressure suits and liquid oxygen converters used in aircraft in Category VIII(a).

(c) Protective apparel and equipment specifically designed or modified for use with the articles in paragraphs (a) through (d) in Category XIV.

(d) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for use with the articles in paragraphs (a), (b), and (c) of this category.

Category XI—Military and Space Electronics

(a) Electronic equipment not included in Category XII of the Munitions List which is assigned a military designation or is specifically designed, modified or configured for military application. This includes but is not limited to the following:

*(1) Underwater sound equipment, including but not limited to towed arrays, electronic beam forming sonar, target classification equipment, and spectrographic displays; search, acquisition, tracking, moving target indication and imaging radar systems; active and passive countermeasures and counter-countermeasures equipment; electronic fuses; identification systems; command, control and communications systems; and, regardless of designation, any experimental or developmental electronic equipment specifically designed or modified for military application, or for use with a military system and

(2) Sonic depth finders; underwater telephones, electro-mechanical beam forming sonars and elementary sonobuoys; radios (including transceivers); weather, navigation, and air traffic control radar systems; navigation, guidance, object-locating equipment; displays; and telemetering equipment.

(3) Armored coaxial cable capable of RF, optical, or high voltage power transmission.

(b) Space electronics:

*(1) Electronic equipment specifically designed or modified for spacecraft and spaceflight, and

(2) Electronic equipment specifically designed or modified for use with non-military communications satellites.

*(c) Electronic systems or equipment specifically designed, modified, configured, used or intended for use in search, reconnaissance, collection, monitoring, direction-finding, display, analysis and production of information from the electromagnetic spectrum for intelligence or security purposes and electronic systems or equipment designed or modified to counteract such surveillance and monitoring.

(d) Very High Speed Integrated Circuit (VHSIC) semiconductor devices that are specifically designed for military applications and which have a high-speed signal and image processing capability with an operational parameter (gate-time-clock-fre-

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(e) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for use or currently used with the equipment in paragraphs (a) through (e) of this category, except for such items as are in normal commercial use.

CATEGORY XII—FIRE CONTROL, RANGE FINDER, OPTICAL AND GUIDANCE AND CONTROL EQUIPMENT

*(a) Fire control systems; gun and missile tracking and guidance systems; military infrared, image intensifier and other night sighting and night viewing equipment; military masers and military lasers; gun laying equipment; range, position and height finders and spotting instruments; aiming devices (electronic, gyroscopic, optic, and acoustic); bomb sights, bombing computers, military television sighting and viewing units, inertial platforms, and periscopes for the articles of this section.

*(b) Inertial and other weapons or space vehicle guidance and control systems; spacecraft guidance, control and stabilization systems; astro compasses; and star trackers.

(c) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for the articles in paragraphs (a) and (b) of this category, except for such items as are in normal commercial use.

CATEGORY XIII—AUXILIARY MILITARY EQUIPMENT

(a) Aerial cameras, space cameras, special purpose military cameras, and specialized processing equipment therefor; military photointerpretation, stereoscopic plotting, and photogrammetry equipment, and components specifically designed or modified therefor.

(b) Speech scramblers, privacy devices, cryptographic devices and software (encoding and decoding), and components specifically designed or modified therefore, ancillary equipment, and protective apparatus specifically designed or modified for such devices, components, and equipment.

(c) Self-contained diving and underwater breathing apparatus specifically designed or modified for a military purpose and components specifically designed or modified therefore.

(d) Armor plate and structural materials (including but not limited to plate, rolled and extruded shapes, bars and forgings, castings, welding consumables, carbon/carbon and metal matrix composites) specifically designed or modified for defense articles.

(e) Concealment and deception equipment, including but not limited to special paints, decoys, and simulators and components, parts and accessories specifically designed or modified therefor.

(f) Energy conversion devices for producing electrical energy from nuclear, thermal, or solar energy, or from chemical reaction which are specifically designed or modified for military application.

(g) Chemiluminescent compounds and solid state devices specifically designed or modified for military application.

(h) Devices embodying particle beam and electromagnetic pulse technology.

(i) Metal embrittling agents.

CATEGORY XIV—TOXICOLOGICAL AGENTS AND EQUIPMENT AND RADIOLOGICAL EQUIPMENT

*(a) Chemical agents, including but not limited to lung irritants, vesicants, lachrymators, tear gases (except tear gas formulations containing 1% or less CN or CS), sternutators and irritant smoke, and nerve gases and incapacitating agents. (See § 121.7.)

*(b) Biological agents.

*(c) Equipment for dissemination, detection, and identification of, and defense against, the articles in paragraphs (a) and (b) of this category.

*(d) Nuclear radiation detection and measuring devices, manufactured to military specification.

(e) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for the articles in paragraphs (c) and (d) of this category.

CATEGORY XV—(RESERVED)

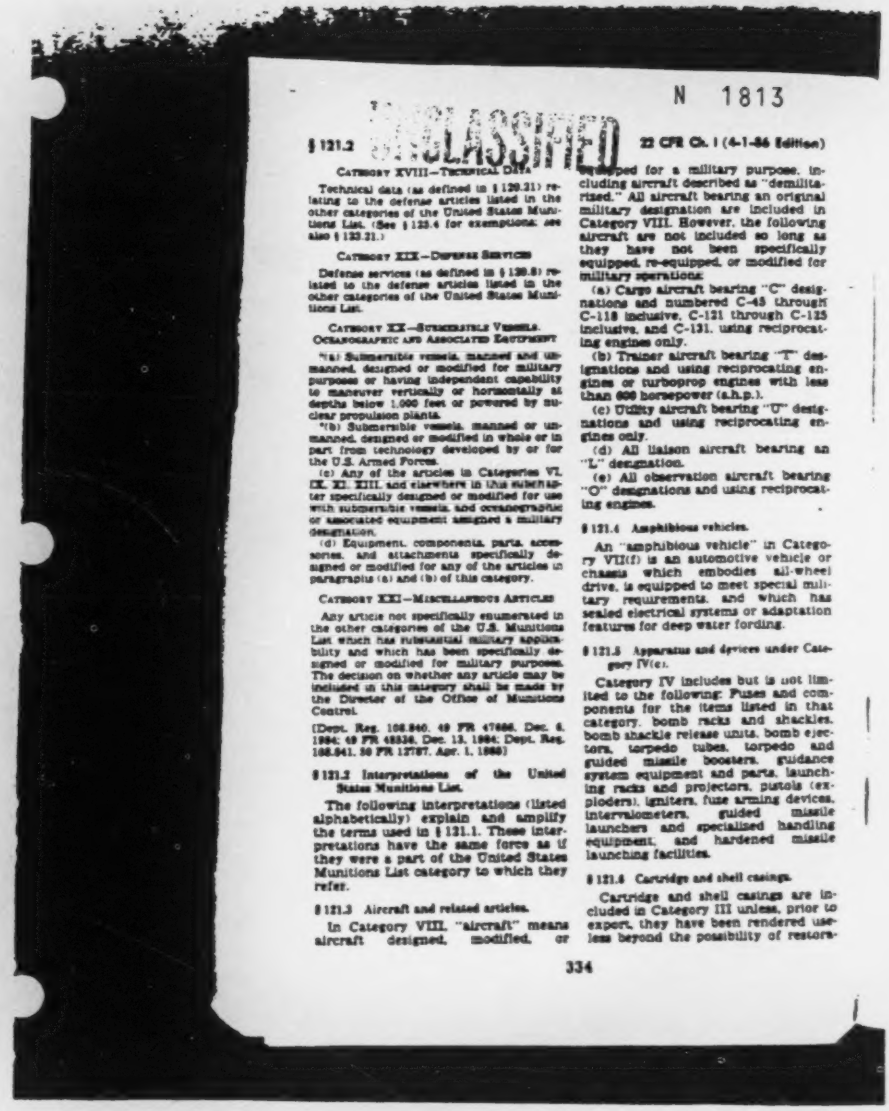
CATEGORY XVI—NUCLEAR WEAPONS DESIGN AND TEST EQUIPMENT

*(a) Any article, material, equipment, or device which is specifically designed or modified for use in the design, development, or fabrication of nuclear weapons or nuclear explosive devices. (See § 123.21 and Department of Commerce Export Regulations, 15 CFR Part 378).

*(b) Any article, material, equipment, or device which is specifically designed or modified for use in the devising, carrying out, or evaluating of nuclear weapons tests or any other nuclear explosions, except such items as are in normal commercial use for other purposes.

CATEGORY XVII—CLASSIFIED ARTICLES NOT OTHERWISE ENUMERATED

*All articles and technical data (as defined in § 120.21) relating thereto which are classified in the interests of national security and which are not otherwise enumerated in the U.S. Munitions List.



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CATEGORY XVIII—TECHNICAL DATA

Technical data (as defined in § 120.21) relating to the defense articles listed in the other categories of the United States Munitions List. (See § 125.4 for exemptions; see also § 123.21.)

CATEGORY XIX—DEFENSE SERVICES

Defense services (as defined in § 120.8) related to the defense articles listed in the other categories of the United States Munitions List.

CATEGORY XX—SUBMERSIBLE VESSELS, OCEANOGRAPHIC AND ASSOCIATED EQUIPMENT

*(a) Submersible vessels, manned and unmanned, designed or modified for military purposes or having independent capability to maneuver vertically or horizontally at depths below 1,000 feet or powered by nuclear propulsion plants.

*(b) Submersible vessels, manned or unmanned, designed or modified in whole or in part from technology developed by or for the U.S. Armed Forces.

(c) Any of the articles in Categories VI, IX, XI, XIII, and elsewhere in this subchapter specifically designed or modified for use with submersible vessels, and oceanographic or associated equipment assigned a military designation.

(d) Equipment, components, parts, accessories, and attachments specifically designed or modified for any of the articles in paragraphs (a) and (b) of this category.

CATEGORY XXI—MISCELLANEOUS ARTICLES

Any article not specifically enumerated in the other categories of the U.S. Munitions List which has substantial military applicability and which has been specifically designed or modified for military purposes. The decision on whether any article may be included in this category shall be made by the Director of the Office of Munitions Control.

[Dept. Reg. 108.840, 49 FR 47686, Dec. 6, 1984; 49 FR 48536, Dec. 13, 1984; Dept. Reg. 108.841, 50 FR 12787, Apr. 1, 1985]

§ 121.2 Interpretations of the United States Munitions List.

The following interpretations (listed alphabetically) explain and amplify the terms used in § 121.1. These interpretations have the same force as if they were a part of the United States Munitions List category to which they refer.

§ 121.3 Aircraft and related articles.

In Category VIII, "aircraft" means aircraft designed, modified, or equipped for a military purpose, including aircraft described as "demilitarized." All aircraft bearing an original military designation are included in Category VIII. However, the following aircraft are not included so long as they have not been specifically equipped, re-equipped, or modified for military operations:

(a) Cargo aircraft bearing "C" designations and numbered C-45 through C-118 inclusive, C-121 through C-125 inclusive, and C-131, using reciprocating engines only.

(b) Trainer aircraft bearing "T" designations and using reciprocating engines or turboprop engines with less than 600 horsepower (s.h.p.).

(c) Utility aircraft bearing "U" designations and using reciprocating engines only.

(d) All liaison aircraft bearing an "L" designation.

(e) All observation aircraft bearing "O" designations and using reciprocating engines.

§ 121.4 Amphibious vehicles.

An "amphibious vehicle" in Category VII(f) is an automotive vehicle or chassis which embodies all-wheel drive, is equipped to meet special military requirements, and which has sealed electrical systems or adaptation features for deep water fording.

§ 121.5 Apparatus and devices under Category IV(e).

Category IV includes but is not limited to the following: Fuses and components for the items listed in that category, bomb racks and shackles, bomb shackle release units, bomb ejectors, torpedo tubes, torpedo and guided missile boosters, guidance system equipment and parts, launching racks and projectors, pistols (exploders), igniters, fuze arming devices, intervalometers, guided missile launchers and specialized handling equipment, and hardened missile launching facilities.

§ 121.6 Cartridge and shell casings.

Cartridge and shell casings are included in Category III unless, prior to export, they have been rendered useless beyond the possibility of restora-

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tion for use as a cartridge or shell casing by means of heating, flame treatment, mangling, crushing, cutting, or popping.

§ 121.7 Chemical agents.

A chemical agent in Category XIV(a) is a substance having military application which by its ordinary and direct chemical action produces a powerful physiological effect. The term "chemical agent" includes, but is not limited to, the following chemical compounds:

(a) Lung irritants:

(1) Diphenylcyanoarsine (DC).

(2) Fluorine (but not fluorene).

(3) Trichloronitro methane (chloropicrin PS).

(b) Vesicants:

(1) B-Chlorovinyldichloroarsine (Lewisite, L).

(2) Bis(dichloroethyl)sulphide (Mustard Gas, HD or H).

(3) Ethyldichloroarsine (ED).

(4) Methyldichloroarsine (MD).

(c) Lachrymators and tear gases:

(1) A-Bromobenzyl cyanide (BBC).

(2) Chloroacetophenone (CN).

(3) Dibromodimethyl ether.

(4) Dichlorodimethyl ether (ClCl).

(5) Ethyldibromoarsine.

(6) Phenylcarbylamine chloride.

(7) Tear gas solutions (CNB and CNS).

(8) Tear gas orthochlorobenzalmalononitrile (CS).

(d) Sternutators and irritant smokes:

(1) Diphenylamine chloroarsine (Adamsite, DM).

(2) Diphenylchloroarsine (DA).

(3) Liquid pepper.

(e) Nerve agents, gases and aerosols. These are toxic compounds which affect the nervous system, such as:

(1) Dimethylaminoethoxycyanophosphine oxide (GA).

(2) Methylisopropoxyfluorophosphine oxide (GB).

(3) Methylpinacolyloxyfluorophosphine oxide (GD).

(f) Antiplant chemicals, such as: Butyl 2-chloro-4-fluorophenoxyacetate (LNF).

§ 121.8 End-items, components, accessories, attachments, parts, firmware, software and systems.

(a) An "end-item" is an assembled article ready for its intended use. Only ammunition, fuel or another energy source is required to place it in an operating state.

(b) A "component" is an item which is useful only when used in conjunction with an end-item. A major component includes any assembled element which forms a portion of an end-item without which the end-item is inoperable. (Example: airframes, tail sections, transmissions, tank treads, hulls, etc.) A minor component includes any assembled element of a major component.

(c) "Accessories" and "attachments" are associated equipment for any component, end-item or system, and which are not necessary for their operation, but which enhance their usefulness or effectiveness. (Examples: riflescopes, special paints, etc.)

(d) A "part" is any single unassembled element of a major or a minor component, accessory, or attachment which is not normally subject to disassembly without the destruction or the impairment of design use. (Examples: rivets, wire, bolts, etc.)

(e) Firmware and any related unique support tools (such as computers, linkers, editors, test case generators, diagnostic checkers, library of functions and system test diagnostics) specifically designed for equipment or systems covered under any category of the United States Munitions List are considered as part of the end-item or component. "Firmware" includes but is not limited to circuits into which software has been programmed.

(f) "Software" includes but is not limited to the system functional design, logic flow, algorithms, application programs, operating systems and support software for design, implementation, test, operation, diagnosis and repair. A person who intends to export software only should, unless it is specifically enumerated in § 121.1, apply for a technical data license pursuant to Part 125 of this subchapter.

(g) A "system" is a combination of end-items, components, parts, accessories,

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ries, attachments, firmware or software, specifically designed, modified or adapted to operate together to perform a specialized military function.

§ 121.9 Firearms.

(a) Category I includes revolvers, pistols, rifles, carbines, fully automatic rifles, submachine guns, machine pistols and machine guns to caliber .50, inclusive. It includes combat shotguns. It excludes other shotguns with barrels 18" or longer, BB, pellet, and muzzle loading (black powder) firearms.

(b) A "firearm" is a weapon not over .50 caliber which is designed to expel a projectile by the action of an explosive or which may be readily converted to do so.

(c) A "rifle" is a shoulder firearm which can discharge a bullet through a rifled barrel 16 inches or longer.

(d) A "carbine" is a lightweight shoulder firearm with a barrel under 16 inches in length.

(e) A "pistol" is a hand-operated firearm having a chamber integral with or permanently aligned with the bore.

(f) A "revolver" is a hand-operated firearm with a revolving cylinder containing chambers for individual cartridges.

(g) A "submachine gun", "machine pistol" or "machine gun" is a firearm originally designed to fire, or capable of being fired, fully automatically by a single pull of the trigger.

§ 121.10 Forgings, castings and machined bodies.

Articles on the United States Munitions List include articles in a partially completed state (such as forgings, castings, extrusions and machined bodies) which have reached a stage in manufacture where they are clearly identifiable as defense articles. If the end-item is an article on the United States Munitions List (including components, accessories, attachments and parts as defined in § 121.8), then the particular forging, casting, extrusion, machined body, etc., is considered a defense article subject to the controls of this subchapter, except for such items as are in normal commercial use.

§ 121.11 Military demolition blocks and blasting caps.

Military demolition blocks and blasting caps referred to in Category IV(a) do not include the following articles:

(a) Electric squibs.

(b) No. 6 and No. 8 blasting caps, including electric ones.

(c) Delay electric blasting caps (including No. 6 and No. 8 millisecond ones).

(d) Seismograph electric blasting caps (including SSS, Static-Master, Vibrocap SR, and SEISMO SR).

(e) Oil well perforating devices.

§ 121.12 Military explosives.

Military explosives in Category V include, but are not limited to, the following:

(a) Ammonium picrate.

(b) Black powder made with potassium nitrate or sodium nitrate.

(c) Cyclotetramethylenetetranitramine (HMX).

(d) Cyclotrimethylenetrinitramine (RDX, Cyclonite, Hexogen or T4).

(e) Dinitronaphthalene.

(f) Ethylenedinitramine.

(g) Hexanitrodiphenylamine.

(h) Nitroglycerin.

(i) Nitrostarch.

(j) Pentaerythritol tetranitrate (penthrite, pentrite or PETN).

(k) Tetranitronaphthalene.

(l) Trinitroanisol.

(m) Trinitronaphthalene.

(n) Trinitrophenol (picric acid).

(o) Trinitrophenylmethylnitramine (Tetryl).

(p) Trinitrotoluene (TNT).

(q) Trinitroxylene.

(r) Ammonium perchlorate nitrocellulose (military grade).

(s) Aluminum powder (spherical) with an average particle size of 100 micrometer diameter or less and a purity of 97% or greater.

(t) Any combinations of the above.

§ 121.13 Military fuel thickeners.

Military fuel thickeners in Category V include compounds (e.g., octal) or mixtures of such compounds (e.g., napalm) specifically formulated for the purpose of producing materials which, when added to petroleum products, provide a gel-type incendiary ma-

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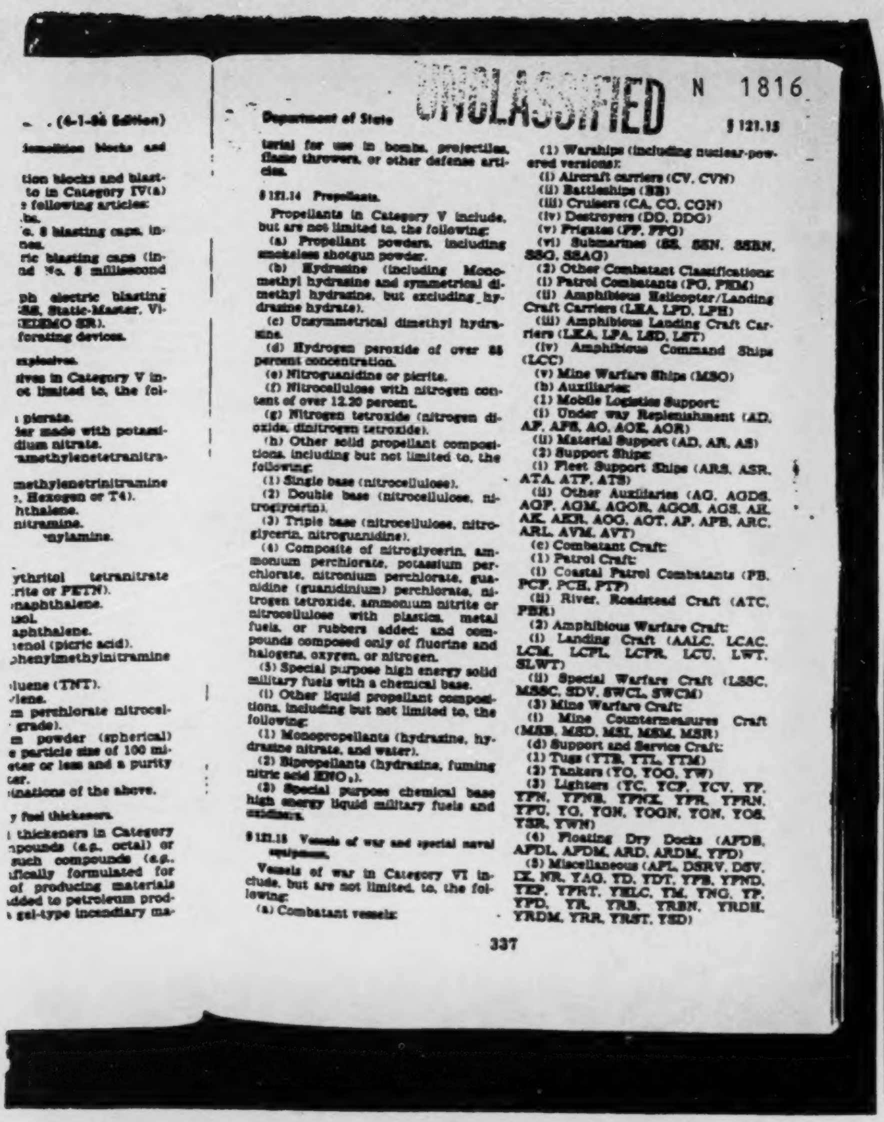

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§ 121.14 Propellants.

Propellants in Category V include, but are not limited to, the following:

(a) Propellant powders, including smokeless shotgun powder.

(b) Hydrazine (including Monomethyl hydrazine and symmetrical dimethyl hydrazine, but excluding hydrazine hydrate).

(c) Unsymmetrical dimethyl hydrazine.

(d) Hydrogen peroxide of over 85 percent concentration.

(e) Nitroguanidine or picrite.

(f) Nitrocellulose with nitrogen content of over 12.20 percent.

(g) Nitrogen tetroxide (nitrogen dioxide, dinitrogen tetroxide).

(h) Other solid propellant compositions, including but not limited to, the following:

(1) Single base (nitrocellulose).

(2) Double base (nitrocellulose, nitroglycerin).

(3) Triple base (nitrocellulose, nitroglycerin, nitroguanidine).

(4) Composite of nitroglycerin, ammonium perchlorate, potassium perchlorate, nitronium perchlorate, guanidine (guanidinium) perchlorate, nitrogen tetroxide, ammonium nitrite or nitrocellulose with plastics, metal fuels, or rubbers added; and compounds composed only of fluorine and halogens, oxygen, or nitrogen.

(5) Special purpose high energy solid military fuels with a chemical base.

(i) Other liquid propellant compositions, including but not limited to, the following:

(1) Monopropellants (hydrazine, hydrazine nitrate, and water).

(2) Bipropellants (hydrazine, fuming nitric acid HNO_3).

(3) Special purpose chemical base high energy liquid military fuels and oxidizers.

§ 121.15 Vessels of war and special naval equipment.

Vessels of war in Category VI include, but are not limited to, the following:

(a) Combatant vessels:

(1) Warships (including nuclear-powered versions):

(i) Aircraft carriers (CV, CVN)

(ii) Battleships (BB)

(iii) Cruisers (CA, CG, CGN)

(iv) Destroyers (DD, DDG)

(v) Frigates (FF, FFG)

(vi) Submarines (SS, SSN, SSBN, SSG, SSAG)

(2) Other Combatant Classifications:

(i) Patrol Combatants (PG, PHM)

(ii) Amphibious Helicopter/Landing Craft Carriers (LHA, LPD, LPH)

(iii) Amphibious Landing Craft Carriers (LKA, LPA, LSD, LST)

(iv) Amphibious Command Ships (LCC)

(v) Mine Warfare Ships (MSO)

(b) Auxiliaries:

(1) Mobile Logistics Support:

(i) Under way Replenishment (AE, AF, AFS, AO, AOE, AOR)

(ii) Material Support (AD, AR, AS)

(2) Support Ships:

(i) Fleet Support Ships (ARS, ASR, ATA, ATF, ATS)

(ii) Other Auxiliaries (AG, AGDS, AGF, AGM, AGOR, AGOS, AGS, AH, AK, AKR, AOG, AOT, AP, APB, ARC, ARL, AVM, AVT)

(c) Combatant Craft:

(1) Patrol Craft:

(i) Coastal Patrol Combatants (PB, PCF, PCH, PTF)

(ii) River, Roadstead Craft (ATC, PBR)

(2) Amphibious Warfare Craft:

(i) Landing Craft (AALC, LCAC, LCM, LCPL, LCPR, LCU, LWT, SLWT)

(ii) Special Warfare Craft (LSSC, MSSC, SDV, SWCL, SWCM)

(3) Mine Warfare Craft:

(i) Mine Countermeasures Craft (MSB, MSD, MSI, MSM, MSR)

(d) Support and Service Craft:

(1) Tugs (YTB, YTL, YTM)

(2) Tankers (YO, YOG, YW)

(3) Lighters (YC, YCF, YCV, YF, YFN, YFNB, YFNX, YFR, YFRN, YFU, YG, YGN, YOGN, YON, YOS, YSR, YWN)

(4) Floating Dry Docks (AFDB, AFDL, AFDM, ARD, ARDM, YFD)

(5) Miscellaneous (APL, DSRV, DSV, IX, NR, YAG, YD, YDT, YFB, YFND, YFP, YFRT, YHLC, YM, YNG, YP, YPD, YR, YRB, YRBN, YRDH, YRDM, YRR, YRST, YSD)

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(e) Coast Guard Patrol and Service Vessels and Craft:

(1) Coast Guard Cutters (CGC, WHEC, WMEC)

(2) Patrol Craft (WPB)

(3) Icebreakers (WAGB)

(4) Oceanography Vessels (WAGO)

(5) Special Vessels (WIX)

(6) Buoy Tenders (WLB, WLM, WLI, WLR, WLIC)

(7) Tugs (WYTM, WYTL)

(8) Light Ships (WLV)

[Dept. Reg. 108.840, 49 FR 47684, Dec. 6, 1984; 49 FR 48536, Dec. 13, 1984]

PART 122—REGISTRATION OF MANUFACTURERS AND EXPORTERS

Sec.
122.1 Registration requirements.
122.2 Application for registration.
122.3 Refund of fee.
122.4 Notification of changes in information furnished by registrants.
122.5 Maintenance of records by registrants.
122.6 Submission of application.

AUTHORITY: Sec. 38, Arms Export Control Act, 90 Stat. 744 (22 U.S.C. 2778); E.O. 11958, 42 FR 4311; 22 U.S.C. 2658.

SOURCE: Dept. Reg. 108.840, 49 FR 47690, Dec. 6 1984, unless otherwise noted.

§ 122.1 Registration requirements.

(a) *General.* Any person who engages in the United States in the business of either manufacturing or exporting defense articles or furnishing defense services is required to register with the Office of Munitions Control. Manufacturers who do not engage in exporting must nevertheless register.

(b) *Exemptions.* Registration is not required for:

(1) Officers and employees of the United States Government acting in an official capacity.

(2) Persons whose pertinent business activity is confined to the production of unclassified technical data only.

(3) Persons all of whose manufacturing and export activities are licensed under the Atomic Energy Act of 1954, as amended.

(4) Persons who engage only in the fabrication of articles for experimental or scientific purposes, including research and development.

§ 122.2 Application for registration.

(a) *Fees.* A person who is required to register may do so for periods of from 1 to 5 years upon submission of a completed Form DSP-9, and payment of a fee as follows:

1 year	$250
2 years	500
3 years	700
4 Years	850
5 years	1,000

(b) *Lapses in registration.* A registrant who fails to renew a registration after its lapse and, after an intervening period, seeks to register again must pay registration fees for any part of such intervening period during which the registrant engaged in the business of manufacturing or exporting defense articles or defense services.

§ 122.3 Refund of fee.

Fees paid in advance for future years of a multiple year registration will be refunded upon request if the registrant ceases to engage in the manufacture or export of defense articles and defense services. A request for a refund must be submitted to the Office of Munitions Control prior to the beginning of any year for which a refund is claimed.

§ 122.4 Notification of changes in information furnished by registrants.

A registered person must notify the Department of State of material changes in the information contained in the registration. Examples of material changes include the establishment or acquisition of a subsidiary or of a foreign affiliate, a merger, a change of location, or dealing with an additional category of defense articles or defense services. Registrants must also inform the Office of Munitions Control thirty days in advance of any planned transfer of ownership or control of the registered corporation or entity to a foreign person. Such notice does not relieve the registrant from obtaining the approvals required under this subchapter for the export of defense articles and defense services to foreign persons.

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[illegible] [redacted] AU WHITE HOUSE COMMUNICATIONS AGENCY PAGE 00021

[redacted]

N 18110

MSG FROM: NSRLE --CPUA TO: NSOLN --CPUA 07/30/86 12:20:33
To: NSOLN --CPUA

NOTE FROM: Robert L. Earl
SUBJECT: [redacted] [illegible]
Sam Watson received a phone call from [redacted] who claims that a guy he met/talked to on his last trip there [redacted] has some detailed drawings of 3 sites that USG should see/have. Sam suggests that somebody (DCSI) debrief [redacted] soonest. Apparently, the "guy" doesn't trust [redacted]
Do you want me to pass this on to [redacted]
Two subject: Ray will be in town next week. Sam is puzzled by your comments to him about ?es and seeks further info, if appropriate, before Ray meets w/ him and the VP. (Sam apparently sees no problem w/ [redacted] hiring his own [redacted] rather than Ray's....)

cc: NSCPC --CPUA

* [illegible]
MSG FROM: NSRLE --CPUA TO: NSPLL --CPUA 07/30/86 21:08:30
To: NSPLL --CPUA

*** Reply to note of 07/29/86 18:20
NOTE FROM: Robert L. Earl
Subject: Jenco
State has invited all four people mentioned in your memo (Judge O'Brien, Dixon, Lemon, & Putnam), but no one has accepted as yet (and probably won't, except Mrs. O'Brien perhaps). Though I don't see the harm in any of these folks showing up at Andrews, I've asked State to be sure to coordinate all of this with W.H. Congressional liaison.

cc: NSOLN --CPUA NSCPC --CPUA
Jenco
MSG FROM: NSRLE --CPUA TO: NSCPC --CPUA 07/31/86 07:46:40
To: NSCPC --CPUA

NOTE FROM: Robert L. Earl

Earl #14
R#III 5/20/87

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TOP SECRET [redacted]

Partially Declassified/Released on 12-8-87
under provisions of E.O. 12356
By B. Reger, National Security Council